



Richtersveld Municipality

ANNUAL FINANCIAL STATEMENTS
30 JUNE 2007

RICHTERSVELD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 3007

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GENERAL INFORMATION

MAYOR / SPEAKER

Councillor L R Ambrosini

GRADING OF THE LOCAL AUTHORITY

Grade 2

Category B

AUDITORS

Auditor General

PRIMARY BANKER

First National Bank

REGISTERED OFFICE

Civic Centre
Main Street
Port Nolloth

Private Bag X113
Port Nolloth
8280

Telephone: (027) 851-1111

Facsimile: (027) 851-1101

E-Mail: port@lantic.net

MUNICIPAL MANAGER

J G Cloete

CHIEF FINANCIAL OFFICER

W H Geldenhuys

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MEMBERS OF COUNCIL

WARD	COUNCILLORS		PROPORTIONAL COUNCILLORS	
	L R Ambrosini	ANC	D Singh	ANC
	N Hinana	ANC	C Richter	DA
	W Cloete	ANC	T Swartbooi	ID
	P Sobuwa	ANC	G Links	ID

APPROVAL OF FINANCIAL STATEMENTS:

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 6 to 77, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003), and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during November 2007.

J G CLOETE
MUNICIPAL MANAGER
31 October 2007

W H GELDENHUYS
CHIEF FINANCIAL OFFICER
31 October 2007

COUNTER SIGNED

RICHTERSVELD MUNICIPALITY
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FOREWORD

It is with great pleasure that notice is hereby given that our Annual Financial Statements for the year ended 30 June 2007 were completed within the timeframe stipulated by the MFMA. Once again I would like to congratulate all the role-players involved in the finalisation of these statements. At the same time I take into consideration staff shortages and the lack of other resources.

The municipality has a mandate of improving service delivery to the community and is committed to accelerating such delivery. This will be further enhanced during the 2008 financial year.

Although capital projects were limited to those financed from external funds and grant funding, the municipality has successfully finalised the projects identified in the Integrated Development Plan (IDP). The municipality will in the 2008 financial year again embark upon projects identified in the IDP.

Sustained and accelerated service delivery and the payment for services still remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and remain committed to the upliftment of the living conditions of those that were forgotten previously.

I hereby wish to thank the Councillors and staff for their commitment during the year under review, and trust that work will continue at an accelerated pace during the 2007/2008 year.

I thank you.

CLR L R AMBROSINI
MAYOR
31 October 2007

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AUDIT REPORT

The 2006/2007 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure "A" when received after the completion of the statutory audit.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- ◆ General Notice 991 of 2005, issued in Government Gazette no 28095 of 15 December 2005; and
- ◆ General Notice 992 of 2005, issued in Government Gazette no 28095 of 7 December 2005.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the Annual Financial Statements.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

Standard No	Standard Title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of General notice 552 of 2007, that have been early adopted
GAMAP 12	Inventories	<ul style="list-style-type: none"> The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.
GAMAP 17	Property, Plant and Equipment	<ul style="list-style-type: none"> Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77) Review of the depreciation method applied to PPE recognised in the Annual Financial Statements Impairment of Non-cash-generating Assets Impairment of Cash-generating Assets
IAS 17 (AC 105)	Leases	<ul style="list-style-type: none"> Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51, SAICA circular 12/06.8 – 11)
IAS 19 (AC 116)	Employee Benefits	<ul style="list-style-type: none"> Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q))
IAS 36 (AC 128)	Impairment of Assets	<ul style="list-style-type: none"> Entire standard
IAS 38 (AC 129)	Intangible Assets	<ul style="list-style-type: none"> The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed
IAS 39	Financial Instruments: Recognition and measurement	<ul style="list-style-type: none"> Initially measuring financial assets and liabilities at fair value (IAS 39.43, AG79, AG64 – AG65 and SAICA circular 9/06)
IAS 40 (AC 135)	Investment Property	<ul style="list-style-type: none"> The entire standard to the extent that the property is accounted for in terms of GAMAP 17
IFRS 5 (AC 142)	Non-current Assets Held-for-Sale and discontinued operations	<ul style="list-style-type: none"> Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)
IFRS 7 (AC 144)	Financial instruments: disclosures	<ul style="list-style-type: none"> Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

2. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand.

3. GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared on a going concern basis.

4. OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

5. RESERVES (continued)

5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

5. RESERVES (continued)

5.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Fixed Assets

Property, plant and equipment, is stated at cost, less accumulated depreciation.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.1 Fixed Assets (continued)

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed. Examples of subsequent expenditure which should be capitalised are the enhancement of an existing asset so that its use is expanded, or the further development of an asset so that its original life is extended.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold will be determined annually during the budget process.

All assets of the Municipality are verified annually in terms of Council's Asset Management Policy to:-

- ◆ Physically identify all assets.
- ◆ Determine assets to be written-off.
- ◆ Determine obsolete assets.
- ◆ Determine changes in the estimated useful lives of assets.
- ◆ Determine impairment losses on assets.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.2 Depreciation

Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist Vehicles	10
Electricity	20 - 30	Other Vehicles	5
Water	15 - 20	Office Equipment	3 - 7
Sewerage	15 - 20	Furniture and Fittings	7 - 10
Housing	30	Watercraft	15
		Bins and Containers	5
Community		Specialised Plant and	
Improvements	30	Equipment	10 - 15
Recreational Facilities	20 - 30	Other Plant and	
Security	5	Equipment	2 - 5

6.2.1 Land

Land is not depreciated as it is regarded as having an infinite life.

6.2.2 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is commissioned into use.

6.2.3 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.3 Disposal of property, plant and equipment

- ◆ The book values of assets are written off on disposal.
- ◆ The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

6.4 Impairment

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance. The municipality assesses at **each reporting date** whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairments may have occurred.

6.5 Landfill Sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's Accounting Policy on non-current provisions – see Accounting Policy 13 on Provisions.

7. INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over their useful lives, which is estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example Servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period. Therefore servitudes are not amortised or impaired.

Intangible assets are annually tested for impairment.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

7. INTANGIBLE ASSETS (continued)

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

8. INVESTMENT PROPERTY

Investment Property is initially stated at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or Losses arising from changes in the fair value of investment property are included in the Statement of Financial Performance in the year in which they arise.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.

The gain or loss arising on the disposal of an investment property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

9. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

9.1 Financial Assets

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Listed Investments (Shares)
- Unlisted Investments (Local Authority Stock)
- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
	Financial Assets:
Listed Investments	Held at fair value through profit or loss
Unlisted Investments	Held at fair value through profit or loss
Investments in Fixed Deposits	Held to maturity
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Short-term Investment Deposits	Held to maturity
Bank Balances and Cash	Available for sale

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

9. FINANCIAL INSTRUMENTS (continued)

9.2 Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Provisions
- Creditors
- Bank Overdraft
- Current Portion of Long-term Liabilities
- Defined Benefit Obligations
- Consumer Deposits
- VAT

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities that are not measured at fair value through profit or loss.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as financial liabilities that are not measured at fair value through profit or loss.

Creditors

Creditors are stated at their nominal value.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

9. FINANCIAL INSTRUMENTS (continued)

9.3 Measurement

Financial Instruments are in the current and prior years recognised and measured at cost.

Financial Assets:

Held-to-maturity investments and loans-and-receivables are initially measured at fair value and subsequently measured at amortised cost. Financial assets at fair value and available-for-sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial Liabilities:

Financial liabilities that are not held-for-trading are measured at amortised cost using the effective interest rate method.

9.4 Impairment of Financial Assets

At each balance sheet date an assessment is made whether there is any objective evidence of impairment of financial assets. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made for all debtors by assessing their credit risks and taking into account their payment history. Government accounts are not provided for as such accounts are regarded as payable.

Loans and Receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

10. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Cost of inventory comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

11. REVENUE RECOGNITION

Revenue for the current and prior financial year was initially recognised at cost. The requirement of GAMAP 9.12 and SAICA circular 9/06 that the initial measurement of revenue be recognised at fair value through discounting all future receipts using an imputed rate of return have been exempted in terms of General Notice 552 of 2007.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

11. REVENUE RECOGNITION (continued)

11.1 Revenue from Exchange Transactions

11.1.1 Service Charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

11.1.2 Pre-paid Electricity and Water

Revenue from the sale of electricity and water pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity and water prepaid meter cards are recognised based on an estimate of the prepaid electricity and water consumed as at the reporting date.

11.1.3 Interest Earned

Interest and rentals are recognised on a time proportion basis.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

11. REVENUE RECOGNITION (continued)

11.1 Revenue from Exchange Transactions (continued)

11.1.4 Dividends

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

11.1.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

11.1.6 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

11.1.7 Housing Rental and Instalments

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

11.1.8 Sale of Goods

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- ◆ The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ◆ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ◆ The amount of revenue can be measured reliably.
- ◆ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ◆ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

11. REVENUE RECOGNITION (continued)

11.1 Revenue from Exchange Transactions (continued)

11.1.9 Government Grants and Public Contributions

Revenue from government grants and public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where government grants and public contributions have been received but the municipality has not met the condition, a liability is recognised. The requirements of IAS20 (excluding paragraphs 24 and 26) have not been met in the current and prior financial years as these requirements have been exempted in terms of General Notice 552 of 2007.

A government grant related to a non-current asset with a useful life (e.g. PPE, intangible assets, etc.), including non-monetary grants at fair value, are presented in the statement of financial position as deferred income that is recognised as income on a systematic and rational basis over the useful life of the asset.

11.2 Revenue from Non-exchange Transactions

11.2.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

11.2.2 Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

11. REVENUE RECOGNITION (continued)

11.2 Revenue from Non-exchange Transactions (continued)

11.2.3 Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

11.2.4 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

12. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

13. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

14. POST RETIREMENT BENEFITS

14.1 General

The Municipality provides retirement benefits for its employees and councillors.

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement. A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

Contributions to defined contribution retirement benefit funds are recognised as an expense when employees and councillors have rendered employment service or served office entitling them to the contributions.

In the 2005/2006 Annual Financial Statements the defined benefit plans of the municipality was treated as a defined contribution plan, whereas in the 2006/2007 year the municipality adhered to the requirements of IAS19.

Own administered defined benefit plan

The defined benefit obligation, the related current cost and where applicable, past-service cost, is determined by using the Projected Unit Credit Method. The last actuarial valuations for both the Long-service Bonus Liability and the Medical Aid Liability for current and continuation members of the municipality were performed as at 30 June 2007.

A portion of the actuarial gains and losses is recognised as revenue or expense, provided the net cumulative actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and
- 10% of the fair value.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

14. POST RETIREMENT BENEFITS (continued)

14.1 General (continued)

The portion of the actuarial gains and losses to be recognised is equal to the excess calculated, using the above limits and divided by the expected average remaining working lives of employees participating in the plan. Unvested past-service cost is recognised as an expense on the straight-line basis over the average period until the benefits become vested, while vested past-service costs are recognised as an expense in the Statement of Financial Performance.

Provincially administered defined benefit plan

The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

14.2 Medical Aid: Continued Members

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the Munimed Medical Aid Fund, with which the Municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee. The other medical aid funds, with which the Municipality is associated, do not provide for continued membership.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

15. LEASES

15.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

15.2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

16. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

17. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

18. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

19. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

RICHTERSVELD MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

23. COMPARATIVE INFORMATION

23.1 Current year comparatives:

Budgeted amounts are included in the annual financial statements for the current financial year only.

23.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

RICHTERSVELD MUNICIPALITY					
EXEMPTIONS FROM MUNICIPAL FINANCE MANAGEMENT ACT					
Std Nr	Standard title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GRAP 03	Accounting policies, changes in accounting estimates and errors	<p>Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31). A list of these standards is as follows:</p> <p>GRAP 4 The Effects of Changes in Foreign Exchange Rates GRAP 5 Borrowing Costs GRAP 6 Consolidated AFS GRAP 7 Associates GRAP 8 JV's GRAP 9 Revenue GRAP 10 Financial Reporting in Hyperinflationary Economies GRAP 11 Construction Contracts GRAP 12 Inventories GRAP 13 Leases GRAP 14 Events After the Reporting Date GRAP 16 IP GRAP 17 PPE GRAP 18 Segment Reporting GRAP 19 Provisions, Contingent Liabilities and Contingent Assets GRAP 100 Non Current assets held for sale GRAP 101 Agriculture GRAP 102 Intangible Assets</p>	Y	<p>The following GRAP standards have been issued but are not yet effective. The implementation plans that still need to be implemented to achieve full compliance with the standards are set out below:</p> <p>GRAP 4,6,7,8,9,12,17,19.</p> <p>Currently the municipality adheres to the requirements of the comparable GAMAP standards. Determine the difference between the applicable accounting treatment and disclosure requirements of the GAMAP versus the GRAP standards and make any necessary adjustments to the AFS.</p> <p>GRAP 5, Borrowing Costs.</p> <p>Determine the applicable accounting treatment and disclosure requirements of GRAP 5 for the municipality.</p> <p>GRAP 10 and 11.</p> <p>The municipality does not have these types of transactions.</p> <p>GRAP 13, 14, 16, 18, 100, 101 and 102.</p> <p>The municipality adheres to the requirements of the comparable GAAP standards except for the exemptions adopted as set out below per standard.</p>	<p>Highly likely that no adjustments to the AFS will be required as there are no fundamental differences between these GAMAP and GRAP standards.</p> <p>A portion of interest cost on interest bearing borrowings, in respect of assets that take a substantial period of time for construction and before they are ready for use, may be capitalised to the relevant asset and will result in interest cost in the Statement of Financial Performance reducing and the cost of the asset increasing.</p> <p>No adjustment required.</p> <p>See adjustments required as per relevant sections of this document set out below.</p>

Std Nr	Standard title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopt ed Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GRAP 03 (cont)	Accounting policies, changes in accounting estimates and errors	Changes in accounting policies (GRAP 3.14, 19)	Y	No action plans are required. Where it is practicable to do so, all changes in accounting policy are dealt with by the municipality retrospectively and disclosed as such in accordance with the requirements of GRAP 3.	No adjustments to the AFS are required.
GAMAP 09	Revenue	Initial measurement of fair value; discounting all future receipts using an imputed rate of return (GAMAP 9.12 and SAICA circular 9/06)	Y	In terms of GAMAP 9 revenue is measured at the fair value of the consideration received. In most cases the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. Where the inflow of cash or cash equivalents is deferred , for example where the entity provides an interest free credit period to the purchaser, the fair value of the revenue must then be determined by discounting all future receipts by using an imputed rate of interest. The municipality does not envisage entering into transactions where an interest free credit period is provided to the purchaser of services or goods from the municipality and therefore it is highly unlikely that the municipality will be faced with this type of transaction.	No adjustments to the AFS are required.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.	N	The municipality reflects land and buildings that will be sold within the next twelve months as inventories in so far that they have been identified.	No adjustments to the AFS required.

Std Nr	Standard title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GAMAP 12 (cont)	Inventories	The entire standard as far as it relates to water stock that was not purchased by the municipality.	Y	<ol style="list-style-type: none"> 1) Ensure that systems are in place to determine what percentage of water on hand at year end has been purchased and what percentage has been produced (purified). 2) Determine what valuation methodology will best serve to value water on hand at year end i.e. FIFO or weighted average. 3) Value the purchased water at year end by utilising the FIFO methodology and multiplying purchased water on hand at year end with the latest purchase price. 4) Value purified water on hand at year end by determining a production cost per unit of water purified and then applying this to the volume of purified water on hand at year end. The production cost per unit must be based on: <ul style="list-style-type: none"> • Costs directly related to the units of production such as direct materials and direct labour. This could include expense items such as wage costs of plant workers and chemicals used in the production process. • A systematic allocation of fixed production overheads, which are indirect costs of production that remain relatively constant, regardless of the level of production, such as depreciation of manufacturing equipment and the production facility (water purification plant). • A systematic allocation of variable production overheads, which are indirect costs of production that vary in accordance with variances in the volume of production. Examples are indirect labour such as the salary of a factory foreman, and also indirect materials. 	<p>The following adjustments will need to be made to the AFS to comply with accounting for purified water in terms of GAMAP 12:</p> <ol style="list-style-type: none"> 1) The value of inventories on the Statement of Financial Position will include purchased as well as purified water. <p>The accounting policy should reflect the valuation methodology for purified and purchased water.</p>
GAMAP 17	Property, plant and equipment	Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77)	N	The municipality reviewed the useful live of its items of PPE recognised in the annual financial statements.	No adjustments required.
GAMAP 17 (cont)	Property, plant and equipment	Review of depreciation method applied to PPE recognised in the Annual Financial Statements (GAMAP 17.62, 77)	N	1) The municipality reviewed the depreciation methods applied with the introduction of GRAP.	1) No adjustments required

Std Nr	Standard title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopt ed Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GAMAP 17 (cont)	Property, plant and equipment	Impairment of non-cash generating assets (GAMAP 17.64 – 69, 75(e)(v) - (vi))	N	1) The municipality performed impairment testing on its non-cash generated assets during the implementation of GRAP.	1) No adjustments required.
GAMAP 17 (cont)	Property, plant and equipment	Impairment of cash generating assets (GAMAP 17.63, 75(e)(v) – (vi))	N	1) The municipality performed impairment testing on its cash generated assets during the implementation of GRAP.	1) No adjustments required.
IAS 11 AC 109	Construction contracts	Entire standard	Y	1) The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.	1) The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.
IAS 14 AC 115	Segment reporting	Entire standard	Y	1) Obtain an understanding of the definitions of business segments and geographical segments as set out in IAS 14. 2) Determine the business and geographical segments of the municipality. 3) Decide on the primary and secondary reporting formats for the entity. Therefore a decision must be made whether business is primary and geographical secondary or vice versa. 4) Change the chart of accounts and accounting software package to ensure that the segmental revenue, expenses, results, assets and liabilities can be accounted for and presented in the AFS according to the primary and secondary reporting formats.	The AFS will have to be adjusted to ensure that the disclosure requirements of IAS 14.51 to .67 relating to segment information are met. The primary reporting format requires inter alia, disclosure of: 1) Segment revenue for every reportable segment. 2) Segment results for every reportable segment. 3) Segment assets for every reportable segment. 4) The total cost incurred during the period to acquire reportable segment long term assets. 5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements. Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in IAS 14 will also need to be disclosed in the AFS.
IAS17 AC 105	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51 and SAICA circular 12/06.8 – 11)	N	Operating Leases that have fluctuating payment arrangements have been identified and operating lease expenses that fall within this category have been straight-lined (smoothed).	No adjustments required to the AFS.

Std Nr	Standard title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopt ed Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q))	N	The municipality accounts for its defined benefit plans in accordance with the accounting treatment and disclosure requirements for the accounting for defined benefit plans as set out in IAS 19.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 19.
IAS 20	Accounting for government grants	Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, 17.25 and 9.42 – 46.	Y	<ol style="list-style-type: none"> 1) Currently all conditional capital grants received for the purchase of PPE are accounted for in terms of the NT GRAP implementation guidelines dated June 2005 and also GAMAP 9.42 to 46. 2) On receipt of a conditional capital government grant the amount is banked and reflected as a current liability called Unspent Conditional Grants and Receipts. Once the amount is spent in accordance with the grant conditions a transfer is made from the current liability to the Statement of Financial Performance equal to the amount that has been spent during the financial year in accordance with the grant conditions. Thereafter an equal amount is transferred from the Accumulated Surplus to the Government Grant Reserve (GGR) on the statement of Changes in Net Assets. Annually an amount is transferred from this reserve to accumulated surplus equal to the amount of depreciation on assets funded from government grants. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit). 3) On the implementation of IAS 20, unbundled the GGR by transferring the balance to a deferred income account. 4) For future depreciation charges in respect of assets that have a carrying amount equal to the deferred income account on the date of the unbundling of the GGR, ensure that an amount equal to the depreciation charge is transferred from deferred income to the Statement of Financial Performance. 	<ol style="list-style-type: none"> 1) Unbundle the balance on the GGR and transfer it to a deferred income account. 2) Capital Grants utilised will no longer be transferred to a GGR via the Statement of Financial Performance and the Statement of Changes in Net Assets. Once an amount is utilised it will be transferred directly from the unspent capital conditional grants creditor to a creditor called deferred income. Therefore the GGR (Reserve) will be replaced by a creditor called deferred income. 3) In future a transfer will be made from the deferred income account to the Statement of Financial Performance to annually offset the amount of depreciation in respect of assets funded from government grants. The GGR will no longer exist and therefore no transfer from the GGR to the accumulated surplus to offset depreciation will be made on the Statement of Changes in Net Assets.

Std Nr	Standard title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopt ed Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 36 (AC 128)	Impairment of assets	Entire standard	N	The municipality have tested all its assets for impairment during GRAP Implementation..	1) Ni adjustments required.
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed	N	The municipality have identified and recorded its Intangible assets in accordance with the requirements.	No adjustments to the AFS required.
IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and liabilities at fair value(IAS 39.43, AG79, AG64 – AG65 and SAICA circular 9/06)	Y	All the applicable sections regarding the accounting recognition and measurement requirements relating to Financial Instruments as set out in IAS 39 are adhered to by the municipality.	No adjustments will need to be made to the AFS as the municipality already fully complies with the requirements of IAS39.
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	N	The municipality has properly accounted for its Investment Properties.	No adjustments to the AFS required.
IFRS 3 (AC 140)	Business combinations	Entire standard	N	1) It is highly likely that the most relevant section of IAS 40 to the municipality is the accounting treatment of goodwill. 2) Goodwill is measured and accounted for by the municipality in accordance with the requirements of IFRS 3.	No adjustments will need to be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 3.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)	N	The municipality measure and disclosed the Non-current Assets Held-for-Sale in accordance with IFRS 5 requirements where applicable.	No adjustments will be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 5 .
IFRS 7 (AC 144)	Financial instruments: disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	N	All the applicable sections regarding the disclosure requirements relating to Financial Instruments as set out in IFRS 7 are adhered to by the municipality.	No adjustments will need to be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 7.

RICHTERSVELDMUNICIPALITY**ANNUAL FINANCIAL STATEMENTS****for the year ended 30 June 2007****REPORT OF THE CHIEF FINANCIAL OFFICER****1. INTRODUCTION**

The results for the year under review once more indicate that the council must seriously consider to institute control measures so as to improve the overall financial position of the municipality.

The municipality's overall financial position must be improved drastically in order to deliver sustainable services to the community. During the year under review some capital projects could not be executed because of cash flow problems experienced. However, the municipality invested approximately R1,1 million, obtained by raising an external loan, in the refurbishment of the ageing vehicle fleet. This will be carried to future budgets.

The 2006/2007 financial year is also the first year that the municipality reports its financial results according to the new GRAP requirements. For this to be implemented, the services of various consultants were utilised to ensure compliance. A full asset verification and identification process was carried out in order to ensure proper disclosure in the Annual Financial Statements.

Various projects were undertaken during the financial year to improve financial accountability, inter alia:

- Asset verification
- General Valuation
- GRAP conversion

The impact of the GRAP conversion can be seen in the financial results of the municipality.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review.

Financial Statement Ratios:

INDICATOR	2007	2006
Surplus / (Deficit) before Appropriations	(8 775 274)	(6 772 810)
Surplus / (Deficit) at the end of the Year	27 171 068	32 626 432
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	25.07%	23.74%
Remuneration of Councillors	3.34%	1.18%
Bad Debts	18.06%	13.44%
Collection Costs	0.00%	-
Depreciation	16.77%	24.75%
Repairs and Maintenance	5.74%	5.85%
Interest Paid	1.43%	0.78%
Bulk Purchases	8.13%	8.76%
Contracted Services	0.06%	-
Grants and Subsidies Paid	11.24%	10.95%
General Expenses	10.16%	10.54%

Financial Statement Ratios (Continued):

INDICATOR	2007	2006
Current Ratio:		
Creditors Days	24	20
Debtors Days	79	208

The extremely good improvement in Debtors Days is because of additional provision for bad debts made during the year under review due to non-payment actually experienced, which renders a favourable ratio for the year.

3. OPERATING RESULTS

Funds not required in terms of GRAP / GAMAP were written back to the Appropriation Account and shown as prior year adjustments.

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2007 are as follows:

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	32 626 432	(2 042 061)	(1697.72)%	-	-
Operating income for the year	23 578 946	22 866 452	3.12%	25 489 638	(7.50)%
Appropriations for the year	4 142 862	5 145 839	(19.49)%	-	-
	60 348 240	25 970 230	132.37%	25 489 638	136.76%
Expenditure:					
Operating expenditure for the year	32 354 220	29 639 261	9.16%	25 488 042	26.94%
Sundry transfers	822 952	(36 295 464)	(102.27)%	-	-
Closing surplus / (deficit)	27 171 068	32 626 432	(16.72)%	1 596	-
	60 348 240	25 970 230	132.37%	25 489 638	136.76%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income	14 588 339	14 318 433	1.89%	14 890 632	(2.03)%
Expenditure	24 311 765	21 685 528	12.11%	17 141 650	41.83%
Surplus / (Deficit)	(9 723 426)	(7 367 095)	31.98%	(2 251 018)	-
Surplus / (Deficit) as % of total income	(66.65)%	(51.45)%		(15.12)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income	(2 675)	5 924	(145.15)%	-	#DIV/0!
Expenditure	-	-	#DIV/0!	-	#DIV/0!
Surplus / (Deficit)	(2 675)	5 924	(145.15)%	-	-
Surplus / (Deficit) as % of total income	100.00%	100.00%		#DIV/0!	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income	2 786 891	2 594 383	7.42%	2 796 279	(0.34)%
Expenditure	1 404 055	1 302 334	7.81%	1 445 030	(2.84)%
Surplus / (Deficit)	1 382 836	1 292 049	7.03%	1 351 249	-
Surplus / (Deficit) as % of total income	49.62%	49.80%		48.32%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R2 230 974 (2005/2006: R2 166 517). Tariffs levied for electricity are subject to administered adjustments.

The REDS (Regional Electricity Distribution Suppliers) will be introduced to South Africa in the near future, where electricity will be distributed a regional supplier. This will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income	4 035 647	3 925 409	2.81%	5 100 244	(20.87)%
Expenditure	3 601 208	3 639 940	(1.06)%	4 354 279	(17.29)%
Surplus / (Deficit)	434 440	285 469	52.18%	745 965	-
Surplus / (Deficit) as % of total income	10.77%	7.27%		14.63%	

3.5 Water Services:

Water is bought in bulk from Alexkor and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R399 990 (2005/2006: R429 904). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income	2 170 743	2 022 303	7.34%	2 702 483	(19.68)%
Expenditure	3 037 193	3 011 459	0.85%	2 547 083	19.24%
Surplus / (Deficit)	(866 449)	(989 156)	(12.41)%	155 400	-
Surplus / (Deficit) as % of total income	(39.91)%	(48.91)%		5.75%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Fixed Assets during the year amounted to R2 539 958 (2005/2006: R432 794). Full details of Fixed Assets are disclosed in note numbers 9,10 and 11 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R2 539 958 was financed as follows:

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Capital Replacement Reserve	964 838	151 981	534.84%	1 067 780	(9.64)%
External Loans	1 092 808	-	#DIV/0!	-	#DIV/0!
Grants and Subsidies	482 311	280 812	71.76%	-	#DIV/0!
	2 539 958	432 794	486.87%	1 067 780	137.87%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2007	2006
Capital Replacement Reserve	37.99%	35.12%
External Loans	43.02%	-
Grants and Subsidies	18.99%	64.88%

Fixed Assets are funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2007	2006
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	1 596	27 696
Revenue variances	(1 910 692)	102 060
Expenditure variances:		
Employee Related Costs	103 112	68 866
Remuneration of Councillors	(131 365)	89 414
Bad Debts	(3 400 673)	(2 994 061)
Depreciation	(4 782 111)	(6 023 605)
Repairs and Maintenance	(376 849)	(707 078)
Interest Paid	231 505	203 124
Bulk Purchases	680 496	633 152
Contracted Services	2 400	20 000
Grants and Subsidies Paid	(36 684)	116 457
General Expenses	843 990	1 691 166
Actual surplus before appropriations	(8 775 274)	(6 772 810)

DETAILS	2007	2006
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	1 596	27 696
Executive and Council	(4 240 014)	(2 812 517)
Finance and Administration	(851 099)	(697 733)
Planning and Development	(53 536)	(91 798)
Health	(815 604)	(894 645)
Community and Social Services	(167 683)	(288 235)
Housing	(2 675)	5 924
Public Safety	122 549	144 363
Sport and Recreation	151 663	92 478
Waste Management	31 587	512 905
Roads and Transport	(1 618 684)	(3 416 518)
Water	(1 021 849)	(557 565)
Electricity	(311 525)	1 202 835
Actual surplus before appropriations	(8 775 274)	(6 772 810)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2006/2007 R	Actual 2005/2006 R	Variance actual 2007 / 2006 R	Budgeted 2006/2007 R	Variance actual/ budgeted R
Executive and Council	4 644	-	4 644	-	4 644
Finance and Administration	36 888	-	36 888	85 000	(48 112)
Planning and Development	-	-	-	-	-
Housing	-	-	-	-	-
Public Safety	1 440 757	-	1 440 757	120 900	1 319 857
Sport and Recreation	359 527	-	359 527	30 240	329 287
Waste Management	566 221	-	566 221	182 240	383 981
Roads and Transport	-	-	-	166 200	(166 200)
Water	-	-	-	210 000	(210 000)
Electricity	3 830	-	3 830	257 000	(253 170)
	2 411 868	-	2 411 868	1 067 780	1 344 088

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. CAPITAL REPLACEMENT RESERVE

The balance of the Capital Replacement Reserve as at 30 June 2007 amounted to R640 743 (30 June 2006: R1 130 710).

The Capital Replacement Reserve replaces the previous statutory funds, like the Revolving Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The municipality is dependent on external funds (external loans and grants) to finance its annual capital programme.

Refer to the Statement of Change in Net Assets for more detail.

7. HOUSING DEVELOPMENT FUND

The outstanding amount of the Housing Development Fund as at 30 June 2007 was R976 401 (30 June 2006: R976 401).

This fund was established in terms of the Housing Act and comprises Instalment Debtors (repaying loans granted to them to purchase houses or land financed from funds received from National Housing) and assets (financed by National Housing) of which the municipality is still the owner.

Refer to Note number 1 and the Statement of Changes in Net Assets for more detail.

8. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2007 was R5 691 544 (30 June 2006: R3 838 267).

A new loan to the amount of R1 788 503 was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year. This was utilised to finance the purchase of vehicles.

Refer to Note number 2 and Appendix "A" for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R17 173 861 as at 30 June 2007 (30 June 2006: R16 103 210) and is made up as follows:

Provision for Post-retirement Benefits	1 862 161
Provision for Rehabilitation of Land-fill Sites	15 311 700
	<u>17 173 861</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note number 3 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R6 714 565 as at 30 June 2007 (30 June 2006: R6 021 363) and is made up as follows:

Consumer Deposits	Note number 4	508 915
Provisions	Note number 5	44 856
Creditors	Note number 6	2 166 952
Unspent Conditional Grants and Receipts	Note number 7	3 808 233
VAT	Note number 8	-195 015
Current Portion of Long-term Liabilities	Note number 2	380 623
		<u>6 714 565</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R78 966 911 as at 30 June 2007 (30 June 2006: R81 917 400).

An audit of all assets was done during the year during the process of compiling the asset register. As a result of this, assets to the value of R134 417 534, not previously recorded, have been brought into the municipality's registers as at 01 July 2005.

Refer to Note number 9 and Appendices "B, C and E (2)" for more detail.

12. INVESTMENT PROPERTY

The value of Investment Property amounts to R178 500 as at 30 June 2007 (30 June 2006: R178 500).

Properties held for capital gain and / or not used for municipal purposes and rented out at market related rental are classified as Investment Property.

Refer to Note number 10 for more detail.

13. INTANGIBLE ASSETS

The net value of Intangible Assets were R263 795 as at 30 June 2007 (30 June 2006: R199 509).

These are assets which cannot physically be identified and verified and are in respect of computer software and valuation roll obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note number 11 for more detail.

14. LONG-TERM RECEIVABLES

Long-term Receivables of R597 823 at 30 June 2007 (30 June 2006: R825 547) is made up as follows:

Officials: Study Loans	-
Township Development	264 399
Sale of Erven	720 649
Capitalised Arrear Services	-
	<hr/>
	985 048
Less: Short-term portion included in Current Assets	<hr/>
	597 823
	<hr/>

Refer to Note number 12 for more detail.

15. CURRENT ASSETS

Current Assets amounted R8 124 792 as at 30 June 2007 (30 June 2006: R10 991 961) and is made up as follows:

Inventory	Note number 13	98 029
Consumer Debtors	Note number 14	2 491 384
Other Debtors	Note number 15	18 721
Current Portion of Long-term Debtors	Note number 12	387 225
Call Investment Deposits	Note number 16	5 028 903
Bank Balances and Cash	Note number 17	100 530
		<hr/>
		8 124 792
		<hr/>

The substantial decrease is due to the increment in provision for bad debts for Consumer Debtors and is alarming. Council's Credit Control Policy will have to applied strictly and adhered to in all circumstances in order to recover monies due to the municipality.

Refer to the indicated Note numbers for more detail.

16. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance.

Refer to Notes number 7 and 20, and Appendix "F" for more detail.

17. POST BALANCE SHEET EVENTS

No events were identified to disclose. The project to transfer the electricity function to the Regional Electricity Distributor (RED) has not realised to date and there are no factual information to report on.

18. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the so-called GRAP-format.

The unbundling process was carried out as at 30 June 2005 in order to be able to have comparative figures available for the Annual Financial Statements presented hereby. It was endeavoured to supply as much information as possible.

19. EXPRESION OF APPRECIATION

We are grateful to the Mayor, Councillors, the Municipal Manager and Senior Officials for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

31 October 2007

RICHTERSVELD MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net Assets		58 551 850	68 150 077
Housing Development Fund	1	976 401	976 401
Capital Replacement Reserve		640 743	1 130 710
Capitalisation Reserve		3 875 286	4 284 443
Government Grant Reserve		16 318 184	18 794 649
Donations and Public Contribution Reserves		9 570 168	10 337 441
Accumulated Surplus / (Deficit)		27 171 068	32 626 432
Non-Current Liabilities		22 865 405	19 941 477
Long-term Liabilities	2	5 691 544	3 838 267
Non-current Provisions	3	17 173 861	16 103 210
Current Liabilities		6 714 565	6 021 363
Consumer Deposits	4	508 915	471 012
Provisions	5	44 856	42 118
Creditors	6	2 166 952	1 648 930
Unspent Conditional Grants and Receipts	7	3 808 233	2 950 407
VAT	8	(195 015)	(115 817)
Bank Overdraft	17	-	274 111
Current Portion of Long-term Liabilities	2	380 623	750 601
Total Net Assets and Liabilities		88 131 820	94 112 918
ASSETS			
Non-Current Assets		80 007 028	83 120 956
Property, Plant and Equipment	9	78 966 911	81 917 400
Investment Property	10	178 500	178 500
Intangible Assets	11	263 795	199 509
Long-term Receivables	12	597 823	825 547
Current Assets		8 124 792	10 991 961
Inventory	13	98 029	270 354
Consumer Debtors	14	2 491 384	6 158 235
Other Debtors	15	18 721	21 332
Current Portion of Long-term Receivables	12	387 225	512 500
Short-term Investment Deposits	16	5 028 903	4 029 160
Bank Balances and Cash	17	100 530	380
Total Assets		88 131 820	94 112 918

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Budget			Actual	
2006 R	2007 R	Note	2007 R	2006 R
REVENUE				
4 639 797	3 713 374	18	2 775 485	2 570 369
186 633	201 563		234 006	187 162
7 680 580	10 332 344	19	8 740 532	8 250 586
805 104	923 800		820 736	909 208
42 500	52 420		461 599	404 386
810 000	751 000		814 274	688 854
53 400	23 592		65 207	21 179
46 500	52 620		67 810	56 070
20 000	242 285		246 530	224 258
4 439 809	5 037 822	20	6 417 935	4 854 021
878 069	685 111	21	637 322	700 551
160 000	181 540		448 769	268 007
3 002 000	3 292 167		1 848 742	3 731 802
22 764 392	25 489 638	Total Revenue	23 578 946	22 866 452
EXPENDITURE				
7 105 478	8 212 876	22	8 109 764	7 036 612
440 000	950 343	23	1 081 708	350 586
989 446	2 442 359		5 843 032	3 983 507
1 312 949	644 050		5 426 161	7 336 554
1 027 463	1 480 929		1 857 778	1 734 541
435 287	693 716	24	462 211	232 164
3 229 573	3 311 460	25	2 630 964	2 596 421
20 000	21 600		19 200	-
3 360 727	3 598 341	26	3 635 025	3 244 270
4 815 773	4 132 368		3 288 378	3 124 607
22 736 696	25 488 042	Total Expenditure	32 354 220	29 639 261
27 696	1 596	SURPLUS / (DEFICIT) FOR THE YEAR	(8 775 274)	(6 772 810)
Refer to Appendix E(1) for explanation of budget variances				

RICHTERSVELD MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

Description	Pre-GAMAP Reserves and Funds	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donations and Public Contr Reserve	Self Insurance Reserve	Revaluation Reserve	Accumulated Surplus / (Deficit)	Total
2006	R	R	R	R	R	R	R	R	R	R
Balance at 30 June 2005	7 894 021								(2 042 061)	5 851 960
Implementation of GAMAP (Note 26)	(7 894 021)	970 477	500 000	4 755 260	23 264 247	11 179 500	-	-	32 404 740	65 180 203
Change in Accounting Policy (Note 27)									-	-
Correction of Error (Note 28)									3 890 723	3 890 723
Restated Balance	-	970 477	500 000	4 755 260	23 264 247	11 179 500	-	-	34 253 403	74 922 887
Surplus / (Deficit) for the year									(6 772 810)	(6 772 810)
Transfer to Housing Development Fund		5 924							(5 924)	-
Funds utilised to finance PPE		-							-	-
Transfer to CRR			750 000						(750 000)	-
Property, Plant and Equipment purchased			(151 981)	-					151 981	-
Contributions / Grants used to purchase PPE					280 812				(280 812)	-
Donated / Contributed PPE						-			-	-
Contribution to Insurance Reserve							-		-	-
Insurance claims processed							-		-	-
Interest received		-	32 691				-		(32 691)	-
Asset disposals				-	-	-			-	-
Offsetting of Depreciation				(470 816)	(4 750 410)	(842 058)			6 063 285	-
Balance at 30 June 2006	-	976 401	1 130 710	4 284 443	18 794 649	10 337 441	-	-	32 626 432	68 150 077
2007										
Change in Accounting Policy (Note 27)									-	-
Correction of Error (Note 28)									(822 952)	(822 952)
Restated Balance	-	976 401	1 130 710	4 284 443	18 794 649	10 337 441	-	-	31 803 480	67 327 125
Surplus / (Deficit) for the year									(8 775 274)	(8 775 274)
Transfer to Housing Development Fund		-							-	-
Funds utilised to finance PPE		-							-	-
Transfer to CRR									-	-
Property, Plant and Equipment purchased			(489 967)						489 967	-
Contributions / Grants used to purchase PPE					482 311				(482 311)	-
Donated / Contributed PPE						-			-	-
Contribution to Insurance Reserve							-		-	-
Insurance claims processed							-		-	-
Interest received		-					-		-	-
Asset disposals				-	-	-			-	-
Offsetting of Depreciation				(409 157)	(2 958 777)	(767 274)			4 135 207	-
Balance at 30 June 2007	-	976 401	640 743	3 875 286	16 318 184	9 570 168	-	-	27 171 068	58 551 850

RICHTERSVELD MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		23 313 267	22 616 046
Cash paid to suppliers and employees		(23 121 638)	(20 888 443)
Cash generated from / (utilised in) operations	31	191 629	1 727 603
Interest received		461 599	404 386
Interest paid		(462 211)	(232 164)
NET CASH FROM OPERATING ACTIVITIES		191 018	1 899 825
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(128 089)	(184 885)
Purchase of property, plant and equipment		(2 411 868)	(247 909)
Proceeds on disposal of property, plant and equipment		1 848 742	3 731 805
(Increase) / decrease in non-current receivables		353 000	(831 468)
(Increase) / decrease in current investments		(999 743)	(985 040)
NET CASH FROM INVESTING ACTIVITIES		(1 337 959)	1 482 503
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised / (repaid)		1 483 298	(3 652 650)
Increase / (decrease) in consumer deposits		37 903	28 799
NET CASH FROM FINANCING ACTIVITIES		1 521 201	(3 623 852)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	32	374 261	(241 523)
Cash and cash equivalents at the beginning of the year		(273 731)	(32 208)
Cash and cash equivalents at the end of the year		100 530	(273 731)

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	976 401	976 401
The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions		
The Housing Development Fund is represented by the following Assets and Liabilities:		
Assets (See Note 9)	583 200	583 200
Instalment Sales Debtors (See Note 12)	264 399	276 900
Consumer Debtors (See Note 14)	154 776	151 120
Short-term Investment Deposits (See Note 16)	15 325	-
Cash and Cash Equivalents advanced to Rates and General Services	(41 299)	(34 818)
Total Housing Development Fund Assets and Liabilities	976 401	976 401

2 LONG TERM LIABILITIES

Annuity Loans	6 072 167	4 588 869
Sub-total	6 072 167	4 588 869
Less: Current Portion transferred to Current Liabilities:-	380 623	750 601
Annuity Loans	380 623	750 601
Total External Loans	5 691 544	3 838 267
(Refer to Appendix A for more detail on long-term liabilities.)		

3 NON-CURRENT PROVISIONS

Provision for Post-retirement Benefits	1 862 161	1 658 210
Provision for Rehabilitation of Land-fill Sites	15 311 700	14 445 000
Total Non-current Provisions	17 173 861	16 103 210

Refer to Note 47 to the Financial Statements, "Other Defined Benefit Plan Information", for more information regarding the provisions for Post-retirement Health

The municipality will incur costs of R15,3 million to be able to licence the landfill refuse sites. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

The movement in non-current provisions are reconciled as follows:

	Illegal Dumping	Alien Vegetation	Long-term Service	Post-retirement	Land-fill Sites
30 June 2007					
Balance at beginning of year	-	-	-	1 658 210	14 445 000
Contributions to provision	-	-	-	248 807	866 700
Increase due to discounting	-	-	-	-	-
Expenditure incurred	-	-	-	-	-
Transfer to current provisions	-	-	-	(44 856)	-
Balance at end of year	-	-	-	1 862 161	15 311 700

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

				2007	2006
				R	R
30 June 2006					
Balance at beginning of year	-	-	-	1 474 757	13 500 000
Contributions to provision	-	-	-	225 571	945 000
Increase due to discounting	-	-	-	-	-
Expenditure incurred	-	-	-	-	-
Transfer to current provisions	-	-	-	(42 118)	-
Balance at end of year	-	-	-	1 658 210	14 445 000

4 CONSUMER DEPOSITS

Electricity and Water	508 915	471 012
Accrued Interest	-	-
Total Consumer Deposits	508 915	471 012

5 PROVISIONS

Current Portion of Non-Current Provisions (See Note 3 above):	44 856	42 118
Post-retirement Benefits	44 856	42 118
Rehabilitation of Land-fill Sites	-	-
Total Provisions	44 856	42 118

Refer to Note 47 to the Financial Statements, "Other Defined Benefit Plan Information", for more information regarding the provisions for Post-retirement Health

The movement in current provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

	Illegal Dumping	Alien Vegetation	Long-term Service	Post-retirement	Land-fill Sites
30 June 2007					
Balance at beginning of year	-	-	-	42 118	-
Transfer from non-current	-	-	-	44 856	-
Contributions to provision	-	-	-	-	-
Expenditure incurred	-	-	-	(42 118)	-
Balance at end of year	-	-	-	44 856	-
30 June 2006					
Balance at beginning of year	-	-	-	39 548	-
Transfer from non-current	-	-	-	42 118	-
Contributions to provision	-	-	-	-	-
Expenditure incurred	-	-	-	(39 548)	-
Balance at end of year	-	-	-	42 118	-

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
6 CREDITORS		
Trade Creditors	1 142 967	768 382
Payments received in Advance	20 649	32 421
Projects	38 586	30 976
Salary Control Accounts	172 909	55 893
Staff Leave	681 610	626 842
Sundry Deposits	95 439	73 817
Other Creditors	14 793	60 599
Total Creditors	<u>2 166 952</u>	<u>1 648 930</u>

7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

7.1 Conditional Grants from Other Spheres of Government

	3 466 920	2 475 389
National Government Grants	1 344 779	685 124
Provincial Government Grants	2 036 754	1 619 565
Local Government Grants	85 387	170 701

7.2 Other Conditional Receipts

	341 313	475 018
Public Contributions	341 313	475 018
Total Conditional Grants and Receipts	<u>3 808 233</u>	<u>2 950 407</u>

(See Note 20 for the reconciliation of Grants from Other Spheres of Government.)

The amount for Unspent Conditional Grants and Receipts are invested in ring-fenced investment accounts until utilised.

8 VAT

Vat Payable	<u>(195 015)</u>	<u>(115 817)</u>
-------------	-------------------------	-------------------------

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006	38 674 748	39 697 438	1 951 225	-	1 501 871	92 117	-	81 917 400
Cost	41 239 110	104 874 273	2 988 600	-	5 112 083	583 200	-	154 797 266
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Impaired Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(2 564 362)	(65 176 836)	(1 037 375)	-	(3 610 211)	(491 083)	-	(72 879 866)
- Cost	(2 564 362)	(65 176 836)	(1 037 375)	-	(3 610 211)	(491 083)	-	(72 879 866)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	91 349	-	-	1 975 740	-	-	2 067 089
Capital under Construction	-	-	344 779	-	-	-	-	344 779
Increases / Decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation:	(254 373)	(4 625 004)	(100 178)	-	(382 803)	-	-	(5 362 358)
- based on cost	(254 373)	(4 625 004)	(100 178)	-	(382 803)	-	-	(5 362 358)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals:	-	-	-	-	-	-	-	-
Cost / Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Impaired Losses	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2007	38 420 375	35 163 783	2 195 827	-	3 094 808	92 117	-	78 966 911
Cost	41 239 110	104 965 623	3 333 379	-	7 087 823	583 200	-	157 209 135
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(2 818 735)	(69 801 840)	(1 137 552)	-	(3 993 015)	(491 083)	-	(78 242 224)
- Cost	(2 818 735)	(69 801 840)	(1 137 552)	-	(3 993 015)	(491 083)	-	(78 242 224)
- Revaluation	-	-	-	-	-	-	-	-

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

30 June 2006

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2005	38 929 160	46 172 139	2 050 479	-	1 699 711	93 481	-	88 944 970
Cost	41 239 110	104 823 729	2 988 600	-	5 128 719	583 200	-	154 763 358
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(2 309 950)	(58 651 591)	(938 121)	-	(3 429 007)	(489 719)	-	(65 818 388)
- Cost	(2 309 950)	(58 651 591)	(938 121)	-	(3 429 007)	(489 719)	-	(65 818 388)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	50 544	-	-	197 364	-	-	247 909
Capital under Construction	-	-	-	-	-	-	-	-
Increases / Decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation:	(254 412)	(6 525 245)	(99 253)	-	(395 201)	(1 364)	-	(7 275 475)
- based on cost	(254 412)	(6 525 245)	(99 253)	-	(395 201)	(1 364)	-	(7 275 475)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals:	-	-	-	-	(3)	-	-	(3)
Cost / Revaluation	-	-	-	-	(214 000)	-	-	(214 000)
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	213 997	-	-	213 997
Impaired Losses	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2006	38 674 748	39 697 438	1 951 225	-	1 501 871	92 117	-	81 917 400
Cost	41 239 110	104 874 273	2 988 600	-	5 112 083	583 200	-	154 797 266
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(2 564 362)	(65 176 836)	(1 037 375)	-	(3 610 211)	(491 083)	-	(72 879 866)
- Cost	(2 564 362)	(65 176 836)	(1 037 375)	-	(3 610 211)	(491 083)	-	(72 879 866)
- Revaluation	-	-	-	-	-	-	-	-

(Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.)

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Land and Buildings were revalued to fair value by using the municipal valuation roll. The effective date of revaluation was 01 July 2007. The valuation was done by Uluntu Consultants, registered and independent valuers. The NHBR indices, which indicate current building costs, were used to determine replacement values.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007 **2006**
R **R**

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment of Property, Plant and Equipment:

Impairment losses on property, plant and equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of property, plant and equipment have been physically damaged, stolen or have become redundant and idle.

Impairment of property, plant and equipment was taken into consideration by the consultants, Lucra Business Solutions, during the process of identifying property, plant and equipment and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Impairment were not calculated separately and therefore no impaired values are disclosed.

Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:

The Remaining Useful Life of property, plant and equipment was taken into consideration by the consultants, Lucra Business Solutions, during the process of identifying property, plant and equipment and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Change in Useful Life were not calculated separately and therefore no changes in values are disclosed.

10 INVESTMENT PROPERTY

Carrying values at 1 July

Cost	178 500	178 500
	178 500	178 500

Acquisitions during the Year

-

-

Carrying values at 30 June

Cost	178 500	178 500
	178 500	178 500

Fair Value of Investment Property

178 500

178 500

(Refer to Appendix "B" for more detail on Investment Property.)

Revenue earned from Investment Property is disclosed in the Statement of Financial Performance.

11 INTANGIBLE ASSETS

Carrying values at 1 July

Cost	199 509	75 702
	308 347	123 462
Accumulated Amortisation	(108 838)	(47 760)

Acquisitions during the Year

128 089

184 885

Amortisation during the Year

(63 803)

(61 079)

Carrying values at 30 June

Cost	263 795	199 509
	436 436	308 347
Accumulated Amortisation	(172 641)	(108 838)

(Refer to Appendice "B" for more detail on Intangible Assets.)

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
12 LONG-TERM RECEIVABLES		
Housing Scheme Loans	264 399	276 900
Sale of Erven	720 649	1 061 148
	<u>985 048</u>	<u>1 338 047</u>
Less: Current Portion transferred to Current Receivables:-	387 225	512 500
Housing Scheme Loans	4 435	12 500
Sale of Erven	<u>382 790</u>	<u>500 000</u>
Total Long-term Receivables	<u><u>597 823</u></u>	<u><u>825 547</u></u>

HOUSING SHEME LOANS

No Housing Loans are granted to officials and public anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will be recovered over the remaining period of the loan agreements.

SALE OF ERVEN

As from 01 July 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

13 INVENTORY

Consumable Stores - at cost	115	137
Maintenance Materials - at cost	95 267	69 314
Spare Parts - at cost	2 648	200 902
Unsold Properties held for resale - at cost	-	-
Total Inventory	<u><u>98 029</u></u>	<u><u>270 354</u></u>

14 CONSUMER DEBTORS

	Gross	Provision for	Net
	Balances	Bad Debts	Balances
As at 30 June 2007			
Service Debtors:	10 583 023	9 153 827	1 429 196
Assessment Rates	3 284 101	2 840 596	443 505
Electricity	436 833	377 841	58 993
Refuse	2 227 887	1 927 020	300 867
Sewerage	2 156 428	1 865 211	291 217
Water	2 477 774	2 143 160	334 614
Housing Rentals	154 776	133 874	20 902
Other Debtors	7 710 597	6 669 311	1 041 286
Total Consumer Debtors	<u><u>18 448 396</u></u>	<u><u>15 957 013</u></u>	<u><u>2 491 384</u></u>
As at 30 June 2006			
Service Debtors:	8 888 166	5 728 339	3 159 827
Assessment Rates	2 838 455	1 829 357	1 009 098
Electricity	437 453	281 934	155 519
Refuse	1 794 652	1 156 636	638 016
Sewerage	1 741 056	1 122 094	618 962
Water	2 076 550	1 338 317	738 233
Housing Rentals	151 120	97 395	53 724
Other Debtors	8 282 996	5 338 312	2 944 684
Total Consumer Debtors	<u><u>17 322 281</u></u>	<u><u>11 164 046</u></u>	<u><u>6 158 235</u></u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
<i>Rates: Ageing</i>		
Current (0 - 30 days)	54 224	126 065
31 - 60 Days	59 623	49 498
61 - 90 Days	57 969	51 272
91 - 120 Days	55 873	43 855
+ 120 Days	3 056 412	2 567 765
Total	3 284 101	2 838 455
<i>Electricity: Ageing</i>		
Current (0 - 30 days)	135 039	139 482
31 - 60 Days	33 632	28 780
61 - 90 Days	15 419	16 576
91 - 120 Days	10 742	10 624
+ 120 Days	242 002	241 992
Total	436 833	437 453
<i>Refuse: Ageing</i>		
Current (0 - 30 days)	77 428	96 532
31 - 60 Days	67 549	58 666
61 - 90 Days	62 661	54 050
91 - 120 Days	60 887	52 093
+ 120 Days	1 959 363	1 533 311
Total	2 227 887	1 794 652
<i>Sewerage: Ageing</i>		
Current (0 - 30 days)	70 722	88 816
31 - 60 Days	63 609	55 662
61 - 90 Days	59 797	51 776
91 - 120 Days	58 210	49 758
+ 120 Days	1 904 091	1 495 044
Total	2 156 428	1 741 056
<i>Water: Ageing</i>		
Current (0 - 30 days)	99 228	111 702
31 - 60 Days	64 114	53 992
61 - 90 Days	56 259	47 218
91 - 120 Days	51 756	44 586
+ 120 Days	2 206 417	1 819 052
Total	2 477 774	2 076 550
<i>Housing Rentals: Ageing</i>		
Current (0 - 30 days)	(5 300)	2 186
31 - 60 Days	1 237	1 362
61 - 90 Days	1 232	1 362
91 - 120 Days	1 173	1 296
+ 120 Days	156 434	144 914
Total	154 776	151 120
<i>Other Debtors: Ageing</i>		
Current (0 - 30 days)	(176 095)	830 875
31 - 60 Days	1 531 436	85 051
61 - 90 Days	68 228	65 179
91 - 120 Days	57 292	485 372
+ 120 Days	6 229 736	6 816 518
Total	7 710 597	8 282 996

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

			2007 R	2006 R
Summary of Debtors by Customer Classification				
	Consumers	Industrial/ Commercial	National and Provincial Government	Other
30 June 2007	R	R	R	R
Current (0 - 30 days)	275 962	63 145	7 464	(57 611)
31 - 60 Days	1 703 752	39 071	2 476	14 351
61 - 90 Days	286 242	26 498	3 620	13 786
91 - 120 Days	265 750	23 043	1 422	13 982
+ 120 Days	13 498 777	1 321 162	30 284	915 317
Sub-total	16 030 485	1 472 920	45 267	899 825
Less: Provision for bad debts	13 899 661	1 277 134	-	780 217
Total Debtors by Customer Classification	2 130 824	195 785	45 267	119 608

Summary of Debtors by Customer Classification				
	Consumers	Industrial/ Commercial	National and Provincial Government	Other
30 June 2006	R	R	R	R
Current (0 - 30 days)	(21 642)	54 733	7 889	1 348 446
31 - 60 Days	165 298	21 354	3 797	152 582
61 - 90 Days	146 410	8 974	2 825	137 725
91 - 120 Days	130 307	12 307	2 276	533 244
+ 120 Days	6 643 458	210 584	49 249	7 712 464
Sub-total	7 063 831	307 952	66 036	9 884 462
Less: Provision for bad debts	4 569 994	199 232	-	6 394 820
Total Debtors by Customer Classification	2 493 837	108 720	66 036	3 489 642

Reconciliation of Provision for Bad Debts

Balance at beginning of year	11 164 046	9 229 042
Contribution / (Reversal) to provision	5 837 160	3 983 507
Bad Debts written off	(1 044 193)	(2 048 504)
Balance at end of year	15 957 013	11 164 046

15 OTHER DEBTORS

Sundry Debtors	18 721	21 332
	18 721	21 332
Less: Provision for Bad Debts	-	-
Total Other Debtors	18 721	21 332

16 SHORT-TERM INVESTMENT DEPOSITS

Call Deposits	5 028 903	4 029 160
Total Short-term Investment Deposits	5 028 903	4 029 160

Deposits of R3 808 233 (2006: R2 950 407) are ring-fenced and attributable to Unspent Conditional Grants.

Deposits of R509 650 (2006: R1 078 753) are ring-fenced and attributable to the Capital Replacement Reserve.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
Deposits of R695 695 (2006: R0) are ring-fenced and attributable to the External Financing Fund.		
Deposits of R15 325 (2006: R0) are ring-fenced and attributable to the Housing Development Fund.		
17 BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank accounts:		
Primary Bank Account		
<i>First National Bank - Port Nolloth Branch - Account Number 534 7183 1653:</i>		
Cash book balance at beginning of year	(274 111)	(32 588)
Cash book balance at end of year	<u>100 150</u>	<u>(274 111)</u>
Bank statement balance at beginning of year	103 247	75 375
Bank statement balance at end of year	<u>86 994</u>	<u>103 247</u>
Cash Floats and Advances	380	380
Other Cash Equivalents	-	-
Cash on hand in Cash Floats, Advances and Equivalents	<u>380</u>	<u>380</u>
Total Bank and Cash	100 530	380
Total Overdraft	-	(274 111)
Total Bank and Cash	<u>100 530</u>	<u>(273 731)</u>
18 PROPERTY RATES		
Actual		
Residential	2 367 860	2 180 987
Commercial	374 089	357 385
State	36 187	33 881
Municipal	(2 651)	(1 883)
Total Assessment Rates	<u>2 775 485</u>	<u>2 570 369</u>
Property Valuations	July 2007	July 2006
	R	R
Residential	101 096 849	100 716 816
Commercial	17 488 983	17 368 983
State	2 103 000	2 106 000
Municipal	247 000	247 000
Total Property Valuations	<u>120 935 832</u>	<u>120 438 799</u>

Assessment Rates are levied on the value of land and improvements, which valuation must be performed every five years. The last valuation came into effect on 1 July 1998. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general valuation, which will be applied with effect 1 July 2008, is currently

An uniform general rate of 2,2950 c/R (2005/2006: 2,1342 c/R) is applied to property valuations to determine assessment rates. Rebates of 33,33% are applied to pensioners. A discount of 20% was granted to the State.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007
R **2006**
R

Rates are levied annually on property owners and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable the 7th of each month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

19 SERVICE CHARGES

Sale of Electricity	3 952 354	3 860 305
Sale of Water	2 150 100	1 999 349
Refuse Removal	1 363 292	1 232 718
Sewerage and Sanitation Charges	1 274 785	1 158 213
Total Service Charges	8 740 532	8 250 586

20 GOVERNMENT GRANTS AND SUBSIDIES

Provincial Equitable Share	4 011 742	3 105 810
Other Subsidies	169 330	198 102

Conditional Grants

National: FMG	2 236 863	1 550 109
National: Arts and Culture	279 526	110 591
National: DPLG Grant	1 661	2
National: DPW Grant	415 442	-
Provincial: Office of the Premier Grant	501 418	245 733
Provincial: Local Government and Housing Grant	303	258
Local Government: LDM Grant	819 426	1 183 219
	219 087	10 307

Total Government Grants and Subsidies

6 417 935 **4 854 021**

20.1 Provincial: Equitable Share

4 011 742 **3 105 810**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to the basic charges for Electricity, Refuse Removal, Sewerage and Water Services, which subsidy is adjusted as tariffs increase. All residential households receive 6 kl water and 50 kWh electricity free every month.

20.2 National: Financial Management Grant (FMG)

Balance unspent at beginning of year	422 541	259 017
Current year receipts	552 683	274 114
Conditions met - transferred to revenue	(279 526)	(110 591)
Conditions still to be met - transferred to liabilities (see Note 7)	695 697	422 541

The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
20.3 National: Municipal Systems Improvement Grant (MSIG)		
Balance unspent at beginning of year	-	-
Current year receipts	154 083	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 7)	<u>154 083</u>	<u>-</u>

The Municipal Systems Improvement Grant (MSIG) was received to improve and upgrade systems employed by the municipality to enable it to render sustainable services to the community. No funds have been withheld.

20.4 National: Department Arts and Culture

Balance unspent at beginning of year	13 356	13 307
Current year receipts	429	51
Conditions met - transferred to revenue	(1 661)	(2)
Conditions still to be met - transferred to liabilities (see Note 7)	<u>12 124</u>	<u>13 356</u>

This grant was granted to plan and hold annual cultural festivals for the Nama community and to educate the youth in their own cultures and heritage. No funds have been withheld.

20.5 National: Department Provincial and Local Government (DPLG)

Balance unspent at beginning of year	-	-
Current year receipts	540 742	-
Conditions met - transferred to revenue	(415 442)	-
Conditions still to be met - transferred to liabilities (see Note 7)	<u>125 300</u>	<u>-</u>

This grant was granted to improve capacity within the administration of the municipality and was used to improve internal procedures of various processes. No funds have been withheld.

20.6 National: Department Public Works (DPW)

Balance unspent at beginning of year	249 227	-
Current year receipts	609 765	494 960
Conditions met - transferred to revenue	(501 418)	(245 733)
Conditions still to be met - transferred to liabilities (see Note 7)	<u>357 575</u>	<u>249 227</u>

This grant was granted to maintain and improve infrastructure of the municipality. No funds have been withheld.

20.7 Provincial: Office of the Premier

Balance unspent at beginning of year	40 177	38 494
Current year receipts	1 783	1 940
Conditions met - transferred to revenue	(303)	(258)
Conditions still to be met - transferred to liabilities (see Note 7)	<u>41 656</u>	<u>40 177</u>

This grant was granted for the execution of various small projects and processes. No funds have been withheld.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
20.8 Provincial: Department Local Government and Housing		
Balance unspent at beginning of year	1 579 388	1 439 346
Current year receipts	1 235 136	1 323 261
Conditions met - transferred to revenue	(819 426)	(1 183 219)
Conditions still to be met - transferred to liabilities (see Note 7)	<u>1 995 098</u>	<u>1 579 388</u>

This grant was allocated for various purposes to ensure sustainable service delivery to the community. No funds have been withheld.

20.9 Local Government - Local District Municipality Grant (LDM)

Balance unspent at beginning of year	170 701	143 426
Current year receipts	133 772	37 583
Conditions met - transferred to revenue	(219 087)	(10 307)
Conditions still to be met - transferred to liabilities (see Note 7)	<u>85 387</u>	<u>170 701</u>

This grant was used for infrastructure to partially execute the municipality's IDP. No funds have been withheld.

20.10 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (2007), government grant funding is expected to increase over the forthcoming three financial years.

21 OTHER INCOME

Sundry Services Rendered	400 014	432 940
Sundry Fees Charged	61 508	45 345
Other Income	175 800	222 266
Total Other Income	<u>637 322</u>	<u>700 551</u>

22 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	5 984 996	5 299 400
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	1 286 868	1 023 585
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	159 592	125 295
Housing Benefits and Allowances	36 911	37 826
Overtime Payments	392 589	324 935
Defined Benefit Plan Expense:	248 807	225 571
Current Service Cost	112 781	104 427
Interest Cost	136 026	121 144
Total Employee Related Costs	<u>8 109 764</u>	<u>7 036 612</u>

There were no advances to employees.

Remuneration of the Municipal Manager

Annual Remuneration	201 736	187 618
Performance Bonus	16 000	23 175
Car Allowance	94 442	83 522
Other Allowances	12 610	-
Company Contributions to UIF, Medical and Pension Funds	55 473	54 595
Total	<u>380 261</u>	<u>348 910</u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
<i>Remuneration of the Chief Financial Officer</i>		
Annual Remuneration	162 762	143 424
Performance Bonus	12 669	11 952
Car Allowance	40 198	38 183
Other Allowances	11 452	-
Company Contributions to UIF, Medical and Pension Funds	54 738	47 999
Total	281 820	241 558

The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June 2007:

Post Employment Benefits:-

Chief Financial Officer	42 118	39 548
Total	42 118	39 548

23 REMUNERATION OF COUNCILLORS

Mayor	162 756	-
Councillors	343 939	350 586
Company Contributions to UIF, Medical and Pension Funds	12 842	-
Sundry Allowances (Cellular Phones, etc)	322 858	-
Allowances allocated to Employee Related Costs in General Ledger	239 314	-
Total Councillors' Remuneration	1 081 708	350 586

In-kind Benefits

The Mayor is full-time and is provided with an office and secretarial support at the cost of the Council. The Mayor is compensated for the use of his private vehicle when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Signed: Municipal Manager

24 INTEREST PAID

Long-term Liabilities	460 030	231 746
Bank Overdrafts and Other	2 180	418
Total Interest on External Borrowings	462 211	232 164

25 BULK PURCHASES

Electricity	2 230 974	2 166 517
Water	399 990	429 904
Total Bulk Purchases	2 630 964	2 596 421

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
26 GRANTS AND SUBSIDIES PAID		
Low Income Subsidy	1 573 429	1 454 668
Community Projects	1 907 166	1 524 531
Creation of Work	-	146 834
Social Needs / HIV	26 680	107 423
Other	127 751	10 815
Total Grants and Subsidies	3 635 025	3 244 270

The Low Income Subsidy is in respect of providing basic service levels to indigent households. Refer to Note 20.1.

Community Projects are projects carried out with grants received from various donors to uplift the community.

Money received from the Extended Public Works Programme was utilised to create work and job opportunities in the community.

Social Needs / HIV grants are paid to assist individuals from the community in need caused by a disastrous event.

The Mayor makes grants available on application after consultation with the Municipal Manager on the merits of such an application.

27 GENERAL EXPENSES

Included in General Expenses is the following:

27.1 Rentals: Operating Leases	<u>61 426</u>	<u>61 426</u>
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Rentals paid in respect of operating leases are the minimum lease payments for the year under review for office equipment held under non-cancellable operating lease agreements. Also see Note 46 in this regard.

28 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the Annual Financial Statements of the municipality arising from the implementation of GAMAP:-

28.1 Statutory Funds

Balance previously reported:-

Revolving Fund	7 894 021
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Total	<u>7 894 021</u>
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Implementation of GAMAP:-

Transferred to the Capital Replacement Reserve	500 000
Transferred to the Housing Development Fund - (See 28.21 below)	479 377
Transferred to Creditors	8 959
Transferred to Long-term Receivables	(280 944)
Transferred to Accumulated Surplus/(Deficit) - (See 28.23 below)	7 186 629
Revolving Fund (Non-cash funded portion)	<u>7 186 629</u>

Total	<u>7 894 021</u>
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RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
28.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported:-		<u>18 767 843</u>
Implementation of GAMAP:-		
Transferred to Capitalisation Reserve		4 755 260
Transferred to Government Grant Reserve		23 264 247
Transferred to Donations and Public Contributions Reserve		11 179 500
Transferred to Accumulated Surplus/(Deficit) (See 28.23 below)		(20 431 164)
Total		<u>18 767 843</u>
 28.3 Trust Funds		
Balance previously reported:-		<u>2 493 163</u>
Implementation of GAMAP:-		
Transferred to Unspent Conditional Grants (See 28.8 below)		2 493 163
Total		<u>2 493 163</u>
 28.4 Long-term Liabilities		
Balance previously reported:-		
Long-term Liabilities		8 241 519
Total		<u>8 241 519</u>
Implementation of GAMAP:-		
Long-term Liabilities		8 241 519
Total		<u>8 241 519</u>
 28.5 Consumer Deposits		
Balance previously reported:-		502 679
Plus/(Minus): Implementation of GAMAP:-		
Less: Balances now to be excluded under GAMAP:-		
Sundry Deposits transferred to Creditors (See 28.7 below)		(60 465)
Consumer Deposits as at 30 June 2005 restated to comply with GAMAP		<u>442 214</u>
 28.6 Provisions		
Balance previously reported		651 185
Plus/(Minus): Implementation of GAMAP:-		
Add: Balances now to be included under GAMAP:-		
Post-employment Benefits transferred from Accumulated Surplus/(Deficit) - (See 28.23 below)		39 548
Less: Balances now to be excluded under GAMAP:-		
Staff Leave transferred to Creditors (See 28.7 below)		(651 185)
Provisions as at 30 June 2005 restated to comply with GAMAP		<u>39 548</u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
28.7 Creditors		
Balance previously reported:-		3 797 173
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:-		
Payments received in advance transferred from Statutory Funds (See 28.1 above)		8 959
Sundry Deposits held transferred from Consumer Deposits (See 28.5 above)		60 465
Staff Leave transferred from Provisions (See 28.6 above)		651 185
Less: Balances now to be excluded under GAMAP:-		
VAT balances transferred to VAT (See 28.9 below)		(961 131)
Creditors for Ostriches transferred to Accumulated Surplus/(Deficit) - (See 28.23 below)		(354 988)
Creditors as at 30 June 2005 restated to comply with GAMAP		<u>3 201 663</u>
28.8 Unspent Conditional Grants		
Balance previously reported:-		-
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:-		
Unspent Conditional Grants transferred from Trust Funds (See 28.3 above)		2 493 163
Unconditional Grants transferred to Accumulated Surplus/(Deficit) (See 28.23 below)		(343 620)
Unspent Conditional Grants as at 30 June 2005 restated to comply with GAMAP		<u>2 149 543</u>
28.9 V.A.T.		
Balance previously reported:-		-
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:-		
VAT balances transferred from Creditors (See 28.7 above)		961 131
VAT balances transferred from Consumer Debtors (See 28.12 below)		(934 757)
VAT as at 30 June 2005 restated to comply with GAMAP		<u>26 375</u>
28.10 Long-term Receivables		
Balance previously reported:-		21 392
Long-term Debtors		26 799
Short-term Portion of Long-term Debtors		5 407
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:-		
Housing Sales transferred from Statutory Funds (See 28.01 above)		280 944
Land Sales transferred from Consumer Debtors (See 28.12 below)		198 836
Long-term Debtors		506 580
Short-term Portion of Long-term Debtors		5 407
Long-term Receivables as at 30 June 2005 restated to comply with GAMAP		<u>501 173</u>
28.11 Inventory		
Balance previously reported:-		709 316
Plus/(Minus): Implementation of GAMAP:-		
Inventory for Ostriches transferred to Accumulated Surplus/(Deficit) - (See 28.23 below)		(382 500)
Inventory as at 30 June 2005 restated to comply with GAMAP		<u>326 816</u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
28.12 Consumer Debtors		
Balance previously reported:-		16 190 482
Plus/(Minus): Implementation of GAMAP		
Less: Balances now to be excluded under GAMAP:-		
VAT balances transferred to VAT (See 28.9 above)		(934 757)
Land Sales transferred to Long-term Receivables (See 28.10 above)		(198 836)
Transferred to Other Debtors (See 28.13 below)		(155 509)
Provision for Bad Debts transferred from Accumulated Surplus / (Deficit) (See 28.23 below)		(7 777 346)
Debtors for Ostriches transferred to Accumulated Surplus/(Deficit) - (See 28.23 below)		(216 242)
Debtors as at 30 June 2005 restated to comply with GAMAP		<u><u>6 907 792</u></u>
28.13 Other Debtors		
Balance previously reported:-		-
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:-		
Transferred from Consumer Debtors (See 28.12 above)		155 509
Debtors as at 30 June 2005 restated to comply with GAMAP		<u><u>155 509</u></u>
28.14 Short-term Investment Deposits		
Balance previously reported:-		-
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:-		
Short-term Deposits transferred from Bank and Cash (See 28.15 below)		3 044 120
Short-term Investment Deposits as at 30 June 2005 restated to comply with GAMAP		<u><u>3 044 120</u></u>
28.15 Bank and Cash		
Balance previously reported:-		3 011 913
Cash-on-Hand		3 044 500
Bank Overdraft		(32 588)
Plus/(Minus): Implementation of GAMAP		
Less: Balances now to be excluded under GAMAP:-		
Short-term Deposits transferred to Short-term Investment Deposits (See 28.14 above)		(3 044 120)
Bank Accounts		380
Cash Floats and Advances		(32 588)
Bank and Cash as at 30 June 2005 restated to comply with GAMAP		<u><u>(32 208)</u></u>
28.16 Non-current Provisions		
Balance previously reported		-
Implementation of GAMAP		
Transferred from Accumulated Surplus/(Deficit) (See 28.23 below)		14 974 757
Post Retirement Benefits		1 474 757
Rehabilitation of Tip Sites		13 500 000
Total		<u><u>14 974 757</u></u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
28.17 Property, Plant and Equipment		
Balance previously reported		20 367 012
Implementation of GAMAP		
Assets transferred to Intangible Assets- (See 28.19 below)		(123 462)
Assets transferred to Investment Property - (See 28.20 below)		(178 500)
Obsolete Assets transferred to Accumulated Surplus / (Deficit) - (See 28.23 below)		(84 280)
Assets below Capitalisation Threshold transferred to Accumulated Surplus / (Deficit) - (See 28.23 below)		(126 046)
Infrastructure previously not recorded credited to Housing Development Fund - (See 28.21 below)		491 100
Infrastructure previously not recorded credited to Accumulated Surplus / (Deficit) - (See 28.23 below)		134 417 534
Total		<u><u>154 763 358</u></u>
28.18 Accumulated Depreciation		
Balance previously reported		<u><u>-</u></u>
Implementation of GAMAP		
Backlog Depreciation: Land and Buildings		2 309 950
Backlog Depreciation: Infrastructure		58 651 591
Backlog Depreciation: Community Assets		938 121
Backlog Depreciation: Other Assets		3 429 007
Backlog Depreciation: Housing Development Fund		489 719
Total (Debited to Accumulated Surplus/(Deficit) (See 28.23 below)		<u><u>65 818 388</u></u>
28.19 Intangible Assets		
Balance previously reported		-
Implementation of GAMAP		
Assets transferred from Property, Plant and Equipment - (See 28.17 above)		123 462
Backlog Depreciation debited to Accumulated Surplus/(Deficit) - (See 28.23 below)		(47 760)
Total		<u><u>75 702</u></u>
28.20 Investment Property		
Balance previously reported		-
Implementation of GAMAP		
Assets transferred from Property, Plant and Equipment - (See 28.17 above)		178 500
Total		<u><u>178 500</u></u>
28.21 Housing Development Fund		
Balance previously reported		-
Implementation of GAMAP		
Transferred from Revolving Fund - (See 28.1 above)		479 377
Fair value of Property, Plant and Equipment previously not recorded (See 28.17 above)		491 100
Total		<u><u>970 477</u></u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
28.23 Accumulated Surplus/(Deficit)		
Balance previously reported		(2 042 061)
Plus/(Minus): Implementation of GAMAP		
Non-current Provisions previously not included (See 28.16 above)		(14 974 757)
Current Provisions previously not included (See 28.6 above)		(39 548)
Transferred from Statutory Funds (See 28.1 above)		7 186 629
Transferred from Unspent Conditional Grants (See 28.8 above)		343 620
Transferred from Loans Redeemed and Other Capital Receipts (See 28.2 above)		(20 431 164)
Obsolete Assets transferred from Property, Plant & Equipment - (See 28.17 above)		(84 280)
Assets below Capitalisation Threshold previously recorded (See 28.17 above)		(126 046)
Fair value of Property, Plant and Equipment previously not recorded (See 28.17 above)		134 417 534
Backlog Depreciation (See 28.18 above)		(65 818 388)
Backlog Depreciation (See 28.19 above)		(47 760)
Provision for Bad Debts adjusted to recalculated needs (See 28.12 above)		(7 777 346)
Ostriches taken over by Alexkor not previously recorded:		
Transferred from Creditors (See 28.7 above)		354 988
Transferred from Inventory (See 28.11 above)		(382 500)
Transferred from Debtors (See 28.11 above)		(216 242)
Total		<u><u>30 362 680</u></u>
 28.24 Surplus/(Deficit) for the year		
Balance previously reported		4 288 150
Plus/(Minus): Implementation of GAMAP		
Add: Income now to be included under GAMAP:-		
Capex and Opex Grants previously recorded as Trust Funds		1 734 994
Gains incurred on Disposal of Assets		3 731 802
Interest Earned on Long-term Receivables not previously recorded		164 377
Public Donations previously recorded as Trust Funds		72 147
Revenue from Unconditional Grants not previously shown		139 549
Revenue previously appropriated to Revolving Fund		17 363
Add: Non GAMAP-compliant Expenditure:-		
Capital Expenditure from Income		34 049
Contribution to Revolving Fund		163 107
Deduct: Income now to be excluded under GAMAP:-		
Direct Services paid for to be rendered in following financial year		(17 564)
Long-term Debtor transactions offset to Revenue		(9 695)
Proceeds on Sale of Assets		(3 731 805)
Deduct: Expenditure now to be included under GAMAP:-		
Depreciation		(7 336 554)
Expenditure for Past-service Benefits not previously shown		(186 023)
Expenditure from Unconditional Grants not previously shown		(24 525)
Interest charged on Late Payment of External Loans		(143)
Opex funded from Grants & Contributions not previously shown		(1 524 531)
Provision for Bad Debts according to Accounting Policy		(3 342 507)
Surplus/(Deficit) for 2005/2006 restated to comply with GAMAP		<u><u>(5 827 810)</u></u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

29 CHANGE IN ACCOUNTING POLICY

The municipality adopted the following International Accounting Standards for the first time during the financial year 2006/2007 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented together with the conversion to GAMAP / GRAP as at

- IAS 17 Leases
- IAS 19 Employee Benefits
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IAS 40 Investment Property

The transitional provisions of the above-mentioned standards have not been adopted, with the exception of the transitional provisions of IAS 19. The transitional provisions of IAS 19 have been adopted as follows:

IAS 19 - Employee Benefits, paragraph 155 (a):

The transitional defined benefit liability for Post-employment Health Care Benefits has been recognised in the annual financial statements of the municipality as at 30 June 2007 in terms of IAS 19, 155 (a). The full net liability as at 30 June 2005 has been recognised immediately in the annual financial statements. Refer to Notes 28.6 and

The effect of the above-mentioned changes in accounting policies on the accumulated surplus is an increase of R59,3 million as at 30 June 2005 and the nature of the changes in the accounting policies is as follows:

- IAS 19	Decrease in Accumulated Surplus for Employee Benefits	(1 474 757)
- IAS 32 & 39	Decrease in Accumulated Surplus for Provision for Bad Debts	(7 777 346)
- IAS 38	Effect on Property, Plant and Equipment	68 297 184
- IAS 38	Effect on Intangible Assets	75 702
- IAS 40	Effect on Investment Property	178 500

Total increase in Accumulated Surplus as at 30 June 2005

59 299 284

30 CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June 2006 and 30 June 2007.

Details of the appropriations are as follows:

Corrections to Bank	(6 276)	-
Corrections to Creditors	(355 577)	-
Corrections to Debtors	(503 874)	(44 518)
Corrections to External Loans	(146)	3 626 402
Corrections to Grants	-	0
Corrections to Long-term Debtors	(15 059)	(7 500)
Corrections to Provision for Audit Fees	150 000	-
Corrections to Salary Control Accounts	3 759	-
Corrections to Stock	(181 501)	(32 327)
Corrections to Sundry Deposits	(2 765)	-
Corrections to VAT	150 741	-
Corrections to Expenditure	(62 254)	(117 308)
Corrections to Income	-	4 988
Corrections to Trust Funds: Previous Year expenditure regarded as Internal Loan		200 000
Corrections to Trust Funds: Previous Year VAT refunded		260 987

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Decrease in accumulated surplus	<u>(822 952)</u>	<u>3 890 723</u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
31 CASH GENERATED BY OPERATIONS		
Surplus for the Year	(8 775 274)	(6 772 810)
Adjustment for:		
Correction of prior year Error	(822 952)	3 890 723
Depreciation	5 426 161	7 336 554
Gain on Disposal of Property, Plant and Equipment	(1 848 742)	(3 731 802)
Contribution to Bad Debt Provision	5 837 160	3 983 507
Bad Debts written-off / recovered	(1 044 193)	(2 048 504)
Investment Income	(461 599)	(404 386)
Interest Paid	462 211	232 164
Operating surplus before working capital changes	(1 227 230)	2 485 447
 (Increase)/Decrease in Inventories	 172 324	 56 463
(Increase)/Decrease in Debtors	(1 126 115)	(1 185 447)
(Increase)/Decrease in Other Debtors	2 611	134 177
Increase/(Decrease) in Provisions	1 073 389	#REF!
Increase/(Decrease) in Conditional Grants and Receipts	857 826	#REF!
Increase/(Decrease) in Creditors	518 022	#REF!
Increase/(Decrease) in VAT	(79 198)	#REF!
 Cash generated by / (utilised in) operations	 <u>191 629</u>	 <u>#REF!</u>

32 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank Balances and Cash	100 530	380
Bank Overdraft	-	(274 111)
Total Cash and Cash Equivalents	<u>100 530</u>	<u>(273 731)</u>

33 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 1)	6 072 167	4 588 869
Used to finance Property, Plant and Equipment - at cost	<u>(6 072 167)</u>	<u>(4 588 869)</u>
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 1 and 9)	-	-
Cash invested for Repayment of Long-term Liabilities	<u>-</u>	<u>-</u>

External loans have been utilised in accordance with the Municipal Finance Management Act. No cash has been set aside to repay Long-term Liabilities on redemption date, as they are repaid on a monthly basis.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007 **2006**
R **R**

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

34.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	-	-
Unauthorised Expenditure current year	-	-
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 39)	-	-
Transfer to receivables for recovery (see Note 15)	-	-
Unauthorised Expenditure awaiting authorisation	<u>-</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings

34.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	352	-
Fruitless and Wasteful Expenditure current year	2 180	352
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 39)	-	-
Transfer to receivables for recovery (see Note 15)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>2 533</u>	<u>352</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Interest on late payment - Various Creditors</i>	<i>None</i>

34.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	-	-
Irregular Expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 39)	-	-
Transfer to receivables for recovery (see Note 15)	-	-
Irregular Expenditure awaiting condonement	<u>-</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

35.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	30 496	25 377
Amount Paid - current year	(30 496)	(25 377)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
<u>35.2 Audit Fees</u>		
Opening Balance	-	-
Current year Audit Fee	402 996	172 974
Amount Paid - current year	(402 996)	(172 974)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

35.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 7. All VAT returns have been submitted by the due date throughout the year.

35.4 PAYE and UIF

Opening Balance	-	-
Current year Payroll Deductions	628 597	570 595
Amount Paid - current year	(596 287)	(570 595)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	32 310	-

The balance represents PAYE and UIF deducted from the June 2007 payroll. These amounts were paid during July 2007.

35.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	1 772 201	-
Amount Paid - current year	(1 614 257)	-
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	157 944	-

The balance represents Pension and Medical Aid contributions deducted from employees and councillors in the June 2007 payroll, as well as the municipality's contributions to these funds. These amounts were paid during July 2007.

35.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2007	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Singh D	10 637	881	9 755
Councillor Sobowa P	857	353	505
Total Councillor Arrear Consumer Accounts	11 494	1 234	10 260

30 June 2006	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Singh D	8 649	465	8 184
Councillor Hinana N	3 325	329	2 997
Councillor Sobowa P	105	105	-
Councillor Links G	117	117	-
Councillor Swartbooi T	4 108	422	3 686
Councilor Cloete W	2 624	871	1 752
Total Councillor Arrear Consumer Accounts	18 927	2 308	16 619

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
During the year the following Councillors had arrear accounts outstanding for more than 90 days:		
30 June 2007	Highest amount	Ageing
	outstanding	
Councillor Singh D	9 755	> 90 Days
Councillor Sobowa P	505	> 90 Days
30 June 2006	Highest amount	Ageing
	outstanding	
Councillor Singh D	8 184	> 90 Days
Councillor Hinana N	2 997	> 90 Days
Councillor Swartbooi T	3 686	> 90 Days
Councilor Cloete W	1 752	> 90 Days

35.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

36 CAPITAL COMMITMENTS

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure

Community

Heritage

Other

Housing Development Fund

Investment Properties

- Approved but Not Yet contracted for:-

Infrastructure

Community

Heritage

Other

Housing Development Fund

Investment Properties

Total Capital Commitments

This expenditure will be financed from:

External Loans

Capital Replacement Reserve

Government Grants

District Council Grants

Public Contributions

Own Resources

-	-
-	-
-	-
-	-
-	-
-	-
-	-
958 480	1 067 780
-	-
958 480	1 067 780
-	-
-	-
-	-
-	-
-	-
958 480	1 067 780
958 480	1 067 780
-	-
958 480	1 067 780
-	-
-	-
-	-
-	-
958 480	1 067 780

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

37 RETIREMENT BENEFIT INFORMATION

All Councillors belong to the Pension Fund for Municipal Councillors. The fund is subject to a triennial actuarial valuation. No details could be provided of the last valuation.

Employees belong to a variety of approved Pension and Provident Funds. These funds are subject to a triennial actuarial valuation. No details could be provided of the last valuations of the various funds.

An amount of R694,5 thousand (2006: R566,6 thousand) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

All full-time employees belong to either the SALA Pension Fund or the Cape Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. These multi-employer funds are subject to a triennial actuarial

The Retirement and Superannuation Funds are defined benefit plans, whereas the Provident Fund is a defined contribution plan. Sufficient information is not available to use defined benefit accounting for the Retirement and Superannuation Funds due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

Both the Superannuation and Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

38 CONTINGENT LIABILITIES

38.1 Legal Cases:

- (i) Council is involved in a civil suit arising from the cancellation of a land sale agreement. The amount concerned is approximately R317 122. The outcome of the legal processes is not known yet..
- (ii) Council is being sued for R27,5 million for breach of contract. The claim arises from prospecting rights which were nullified. The outcome of the legal processes is unknown at this stage.

39 CONTINGENT ASSET

No known contingent assets existed at the reporting date.

40 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance was received.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
41 PRIVATE PUBLIC PARTNERSHIPS		
Council has not entered into any private public partnerships during the financial year 2006/2007.		
42 EVENTS AFTER THE REPORTING DATE		
No events to disclose are known to management.		
43 COMPARISON WITH THE BUDGET		
The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".		
44 RISK EXPOSURES		
The municipality is at risk in the following areas:		
(i) <i>Credit Risk</i> , which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.		
(ii) <i>Interest Rate Risk</i> , which is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.		
Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.		
The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.		
Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.		
In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.		
Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Long-term Receivables	985 048	1 338 047
Consumer Debtors	2 491 384	6 158 235
Other Debtors	18 721	21 332
Short-term Investment Deposits	5 028 903	4 029 160
Bank and Cash Balances	100 530	380
Maximum Credit and Interest Risk Exposure	8 624 585	11 547 155

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

		2007	2006
		R	R
45 FINANCIAL INSTRUMENTS			
In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:			
	<u>Financial Assets</u>	<u>Classification</u>	
	Long-term Receivables		
	Housing Loans	259 964	264 400
	Sale of Erven	337 859	561 148
	Consumer Debtors		
	Assessment Rates	443 505	1 009 098
	Electricity	58 993	155 519
	Refuse	300 867	638 016
	Sewerage	291 217	618 962
	Water	334 614	738 233
	Housing Rentals	20 902	53 724
	Other Debtors	1 041 286	2 944 684
	Other Debtors		
	Sundry Debtors	18 721	21 332
	Current Portion of Long-term Receivables		
	Housing Loans	(4 435)	(12 500)
	Sale of Erven	(382 790)	(500 000)
	Short-term Investment Deposits		
	Call Deposits	5 028 903	4 029 160
	Bank Balances and Cash		
	Bank Balances	100 150	-
	Cash Floats and Advances	380	380
SUMMARY OF FINANCIAL ASSETS			
	Held to maturity:		
	Short-term Investment Deposits	5 028 903	4 029 160
		<u>5 028 903</u>	<u>4 029 160</u>
	Loans and Receivables		
	Long-term Receivables	259 964	264 400
	Long-term Receivables	337 859	561 148
	Consumer Debtors	443 505	1 009 098
	Consumer Debtors	58 993	155 519
	Consumer Debtors	300 867	638 016
	Consumer Debtors	291 217	618 962
	Consumer Debtors	334 614	738 233
	Consumer Debtors	20 902	53 724
	Consumer Debtors	1 041 286	2 944 684
	Other Debtors	18 721	21 332
	Current Portion of Long-term Receivables	(4 435)	(12 500)
	Current Portion of Long-term Receivables	(382 790)	(500 000)
		<u>2 720 702</u>	<u>6 492 615</u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

		2007	2006
		R	R
Available for Sale:			
Bank Balances and Cash	Bank Balances	100 150	-
Bank Balances and Cash	Cash Floats and Advances	380	380
		<u>100 530</u>	<u>380</u>
Total Financial Assets		<u>7 850 135</u>	<u>10 522 155</u>

46 OPERATING LEASE ARRANGEMENTS

The Municipality as Lessee:

At the Statement of Financial Position date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year	59 700	59 700
1 to 3 years	54 725	114 425
More than 3 years	-	
Total Operating Lease Arrangements	<u>114 425</u>	<u>174 125</u>

47 OTHER DEFINED BENEFIT PLAN INFORMATION

47.1 Provision for Post-employment Health Care Benefits

The Post-employment Health Care Benefit Plan is a defined benefit plan of which the members are made up as follows:

In-service Members (Employees)	6	6
Continuation Members (Retirees, widowers and orphans)	2	2
Total Members	<u>8</u>	<u>8</u>

The liability in respect of past service has been estimated as follows (Rands):

In-service Members	1 285 169	-
Continuation Members	621 847	-
Total Liability	<u>1 907 016</u>	<u>-</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- LA Health

The Future-service Cost for the ensuing year is estimated to be R121 803, whereas the Interest Cost for the next year is estimated to be R152 561 (2006: R112 781 and R136 026 respectively).

Present value of fund obligations	-	-
Fair value of plan assets	<u>-</u>	<u>-</u>
	-	-
Unrecognised past-service cost	-	-
Unrecognised actuarial gains / (losses)	-	-
Present value of unfunded obligations	1 907 017	1 700 328
Net Liability / (Asset)	<u>1 907 017</u>	<u>1 700 328</u>

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, *Employee Benefits*, paragraph 155 (a).

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
Reconciliation of Present Value of Fund Obligation:		
Present value of fund obligation at the beginning of the year	1 700 328	1 514 305
Current service costs	112 781	104 427
Benefits paid	(42 118)	(39 548)
Interest cost	136 026	121 144
Present Value of Fund Obligation at the end of the Year	<u>1 907 017</u>	<u>1 700 328</u>
Reconciliation of Fair Value of Plan Assets:		
Contributions: Employer	42 118	39 548
Benefits paid	(42 118)	(39 548)
Fair Value of Plan Assets at the end of the Year	<u>-</u>	<u>-</u>
Key Assumptions Used:		
Discount rate	8.00%	
Health Care Cost Inflation Rate	6.50%	
Net Effective Discount Rate	1.41%	

48 DISCONTINUED OPERATIONS

No operations have been discontinued.

49 RELATED PARTY TRANSACTIONS

49.1 Services rendered to Related Parties

	Rates	Service	Sundry	Outstanding
	Charges	Charges	Charges	Balances
For the Year ended 30 June 2007				
Councillors	22 894	51 615	-	10 154
Municipal Manager and Section 57 Personnel	1 711	6 909	-	-
Total Services	<u>24 605</u>	<u>58 525</u>	<u>-</u>	<u>10 154</u>
For the Year ended 30 June 2006				
Councillors	21 894	81 750	-	29 889
Municipal Manager and Section 57 Personnel	1 599	6 251	-	-
Total Services	<u>23 493</u>	<u>88 001</u>	<u>-</u>	<u>29 889</u>

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

49.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 10 to the Annual Financial Statements.

49.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 20 and 21 respectively, to the Annual Financial Statements.

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

RICHTERSVELD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R
2007	2006
R	R

49.4 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year	Purchases for the Year
None disclosed				-	-
Total Purchases				<u>-</u>	<u>-</u>

50 EXEMPTIONS FROM MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the Standards and aspects or parts of these Standards listed in Accounting Policy Number 1. In the table set out below, the exemptions offered have been listed together with an indication of the process that the municipality will follow regarding plans to implement the exemptions. Furthermore the extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards has also been stated in the table:

APPENDIX A

RICHTERSVELD MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30/06/2006	Received during the Period	Redeemed/ Written Off during Period	Balance at 30/06/2007	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
	R				R	R	R	R	R	R
ANNUITY LOANS										
DBSA	4 615 117	10.00%	101910	31/12/2015	4 588 869	-	305 204	4 283 665	8 854 426	
DBSA	1 788 503	5.00%	102502	31/03/2014	-	1 788 503	-	1 788 503	1 070 057	
Total Annuity Loans	8 758 620				4 588 869	1 788 503	305 204	6 072 167	9 924 483	-
TOTAL EXTERNAL LOANS	8 758 620				4 588 869	1 788 503	305 204	6 072 167	9 924 483	-

APPENDIX B

RICHTERSVELD MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying	Budget
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value	Additions 2007
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings											
Land	33 593 910	-	-	-	33 593 910	-	-	-	-	33 593 910	-
Office Buildings	5 016 800	-	-	-	5 016 800	1 802 307	167 227	-	1 969 533	3 047 267	-
Official Houses	615 000	-	-	-	615 000	20 500	20 500	-	41 000	574 000	-
Other Buildings	1 879 400	-	-	-	1 879 400	692 794	62 180	-	754 974	1 124 426	-
Workshops and Depots	134 000	-	-	-	134 000	48 760	4 467	-	53 227	80 773	-
	41 239 110	-	-	-	41 239 110	2 564 362	254 373	-	2 818 735	38 420 375	-
Infrastructure											
<i>Electricity:</i>											
Electrical Motors	138 418	-	-	-	138 418	80 058	7 645	-	87 703	50 715	-
Mains	6 907 608	-	-	-	6 907 608	6 283 279	77 234	-	6 360 512	547 096	-
Supply and Reticulation	3 427 098	-	-	-	3 427 098	3 426 895	-	-	3 426 895	203	-
Switchgear Equipment	252 000	-	-	-	252 000	24 150	12 600	-	36 750	215 250	-
Transformer Kiosks	3 275 000	-	-	-	3 275 000	2 779 205	61 333	-	2 840 538	434 462	-
<i>Roads:</i>											
Roads: Tarred	50 171 100	-	-	-	50 171 100	37 517 024	2 545 936	-	40 062 960	10 108 140	447 000
<i>Security Measures:</i>											
Fencing	3 562 800	-	-	-	3 562 800	3 524 427	19 999	-	3 544 426	18 374	-
<i>Sewerage:</i>											
Meters	1 530 776	-	-	-	1 530 776	603 806	102 052	-	705 857	824 919	-
Outfall Sewers	2 159 689	-	-	-	2 159 689	854 875	107 984	-	962 859	1 196 829	-
Pumping Stations	25 000	-	-	-	25 000	20 392	1 250	-	21 642	3 358	-
Reticulation Pumps	343 544	91 349	-	-	434 894	194 927	26 108	-	221 035	213 858	75 000
Sewers	1 575 545	-	-	-	1 575 545	366 324	75 894	-	442 218	1 133 327	-
<i>Water:</i>											
Boreholes	19 828	-	-	-	19 828	10 478	553	-	11 031	8 797	-
Mains	9 493 020	-	-	-	9 493 020	3 973 072	473 918	-	4 446 991	5 046 029	-
Meters	1 635 346	-	-	-	1 635 346	656 498	108 908	-	765 407	869 939	-
Pumping Stations	60 000	-	-	-	60 000	19 749	3 000	-	22 749	37 251	-
Reservoirs and Tanks	17 720 410	-	-	-	17 720 410	4 206 198	886 020	-	5 092 218	12 628 192	-
Reticulation Pumps	419 820	-	-	-	419 820	191 252	24 015	-	215 267	204 553	-
Supply and Reticulation	2 157 271	-	-	-	2 157 271	444 227	90 556	-	534 783	1 622 488	-
	104 874 273	91 349	-	-	104 965 623	65 176 836	4 625 004	-	69 801 840	35 163 783	522 000

APPENDIX B

RICHTERSVELD MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying	Budget
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value	Additions 2007
	R	R	R	R	R	R	R	R	R	R	R
Community Assets											
<i>Recreational Facilities:</i>											
Beach Developments	200 000	-	344 779	-	544 779	92 777	7 624	-	100 402	444 378	-
Caravan Parks	1 315 000	-	-	-	1 315 000	478 514	43 833	-	522 347	792 653	-
<i>Other Facilities:</i>											
Cemeteries	5 000	-	-	-	5 000	4 999	-	-	4 999	1	10 800
Clinics and Hospitals	1 461 100	-	-	-	1 461 100	453 917	48 703	-	502 620	958 480	-
Public Conveniences/Bathrooms	7 500	-	-	-	7 500	7 168	17	-	7 184	316	16 200
	2 988 600	-	344 779	-	3 333 379	1 037 375	100 178	-	1 137 552	2 195 827	27 000
Housing											
Houses: Selling Schemes: Building	491 100	-	-	-	491 100	491 083	-	-	491 083	17	-
Houses: Selling Schemes: Land	92 100	-	-	-	92 100	-	-	-	-	92 100	-
	583 200	-	-	-	583 200	491 083	-	-	491 083	92 117	-
Other Assets											
<i>Bins and Containers:</i>											
Household Refuse Bins	4 550	-	-	-	4 550	1 081	864	-	1 945	2 605	-
<i>Emergency Equipment:</i>											
Fire Hoses	1 988	-	-	-	1 988	975	378	-	1 353	635	59 400
<i>Furniture and Fittings:</i>											
Cabinets and Cupboards	488 180	-	-	-	488 180	370 148	14 194	-	384 342	103 838	-
Chairs	158 983	-	-	-	158 983	138 550	2 336	-	140 886	18 097	-
Other Furniture and Fittings	311 527	14 748	-	-	326 274	223 945	11 457	-	235 402	90 873	35 640
Tables and Desks	410 286	-	-	-	410 286	311 936	14 196	-	326 132	84 154	-
<i>Motor Vehicles:</i>											
Trailers	495 003	474 872	-	-	969 874	396 499	29 337	-	425 836	544 039	-
Trucks and Bakkies	1 256 496	336 308	-	-	1 592 804	788 838	89 611	-	878 448	714 355	338 740
<i>Office Equipment:</i>											
Air Conditioners	1 667	-	-	-	1 667	94	226	-	320	1 346	-
Computer Hardware	712 389	41 533	-	-	753 922	559 656	87 389	-	647 046	106 876	50 000
Office Machines	161 239	-	-	-	161 239	135 597	13 680	-	149 277	11 962	-

APPENDIX B

RICHTERSVELD MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2007
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R
<i>Plant and Equipment:</i>											
Compressors	220 000	-	-	-	220 000	72 600	39 600	-	112 200	107 800	-
Mechanical Horses	181 708	345 000	-	-	526 708	114 476	24 702	-	139 178	387 530	-
Other Plant and Equipment	188 022	6 780	-	-	194 802	149 516	7 794	-	157 310	37 492	-
Radio Equipment	38 040	-	-	-	38 040	27 932	4 340	-	32 272	5 768	35 000
Telecommunication Equipment	259 020	-	-	-	259 020	184 962	15 873	-	200 835	58 184	-
Tipplers	-	346 500	-	-	346 500	-	5 198	-	5 198	341 303	-
Tractors	222 986	410 000	-	-	632 986	133 405	21 629	-	155 034	477 952	-
	5 112 083	1 975 740	-	-	7 087 823	3 610 211	382 803	-	3 993 015	3 094 808	518 780
Total	154 797 266	2 067 089	344 779	-	157 209 135	72 879 866	5 362 358	-	78 242 224	78 966 911	1 067 780

RICHTERSVELD MUNICIPALITY : ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2007

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2006
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R
Investment Properties											
Buildings: Let-out	172 000	-	-	-	172 000	-	-	-	-	172 000	-
Land	6 500	-	-	-	6 500	-	-	-	-	6 500	-
Total Investment Properties	178 500.00	-	-	-	178 500.00	-	-	-	-	178 500.00	-

RICHTERSVELD MUNICIPALITY : ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2007

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2006
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets											
Computer Software	308 347	-	-	-	308 347	108 838	61 668	-	170 507	137 841	-
Documents and Charts	-	-	128 089	-	128 089	-	2 135	-	2 135	125 954	-
Total Intangible Assets	308 347.23	-	128 089.18	-	436 436.41	108 838.30	63 803.16	-	172 641.46	263 794.95	-

APPENDIX C

RICHTERSVELD MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Description	Cost / Revaluation					Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Executive & Council	959 054	4 644	-	-	963 698	202 839	33 096	-	235 934	727 764
Finance & Administration	418 628	36 888	-	-	455 516	248 990	29 085	-	278 075	177 441
Planning & Development	17 588 119	-	-	-	17 588 119	1 613 646	53 536	-	1 667 182	15 920 937
Health	1 968 700	-	-	-	1 968 700	586 635	52 837	-	639 471	1 329 229
Community & Social Services	10 835 574	-	-	-	10 835 574	4 640 698	296 206	-	4 936 905	5 898 669
Housing	-	-	-	-	-	-	-	-	-	-
Public Safety	977 485	1 440 757	-	-	2 418 243	717 689	95 051	-	812 740	1 605 503
Sport & Recreation	18 807 685	14 748	344 779	-	19 167 212	1 914 560	72 705	-	1 987 264	17 179 948
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	6 697 226	566 221	-	-	7 263 447	2 787 170	377 883	-	3 165 053	4 098 394
Roads & Transport	50 493 671	-	-	-	50 493 671	37 680 735	2 563 419	-	40 244 153	10 249 518
Water	31 905 813	-	-	-	31 905 813	9 882 029	1 605 514	-	11 487 542	20 418 271
Electricity	14 145 311	3 830	-	-	14 149 141	12 604 876	183 027	-	12 787 903	1 361 238
Other	-	-	-	-	-	-	-	-	-	-
Total	154 797 266	2 067 089	344 779	-	157 209 135	72 879 866	5 362 358	-	78 242 224	78 966 911

APPENDIX D
RICHTERSVELD MUNICIPALITY: SEGMENTAL STATEMENT OF
FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)	Description	2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)
R	R	R		R	R	R
1 920 852	6 743 290	(4 822 438)	Executive and Council	2 566 456	10 008 651	(7 442 195)
11 031 940	4 938 070	6 093 870	Finance and Administration	10 700 968	5 772 702	4 928 266
5 277	97 075	(91 798)	Planning and Development	-	53 536	(53 536)
187 375	1 117 257	(929 882)	Health	186 825	967 896	(781 071)
448 807	642 965	(194 158)	Community and Social Services	356 574	681 641	(325 067)
5 924	-	5 924	Housing	(2 675)	-	(2 675)
-	584 937	(584 937)	Public Safety	-	695 979	(695 979)
637 024	1 019 533	(382 509)	Sport and Recreation	630 354	1 076 667	(446 313)
2 594 383	1 302 334	1 292 049	Waste Management	2 786 891	1 404 055	1 382 836
87 158	6 542 402	(6 455 244)	Roads and Transport	147 162	5 054 693	(4 907 531)
2 022 303	3 011 459	(989 156)	Water	2 170 743	3 037 193	(866 449)
3 925 409	3 639 940	285 469	Electricity	4 035 647	3 601 208	434 440
22 866 452	29 639 261	(6 772 810)	Sub-Total	23 578 946	32 354 220	(8 775 274)
-	-	-	Less: Inter-departemental Charges	-	-	-
22 866 452	29 639 261	(6 772 810)	Total	23 578 946	32 354 220	(8 775 274)

APPENDIX E(1)
RICHTERSVELD MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

Description	2006/2007 Actual	2006/2007 Budget	2006/2007 Variance	2006/2007 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	2 775 485	3 713 374	(937 889)	(33.79)	Over-budgeted for revenue
Property Rates - Penalties imposed and collection charges	234 006	201 563	32 443	13.86	Payment worse than expected
Service Charges	8 740 532	10 332 344	(1 591 812)	(18.21)	Over-budgeted for revenue
Rental of Facilities and Equipment	820 736	923 800	(103 064)	(12.56)	Over-budgeted for revenue
Interest Earned - External investments	461 599	52 420	409 179	88.64	All interest income now has to be included in the performance statement
Interest Earned - Outstanding debtors	814 274	751 000	63 274	7.77	
Fines	65 207	23 592	41 615	63.82	Extremely difficult to budget for - no certainty
Licences and Permits	67 810	52 620	15 190	22.40	Extremely difficult to budget for - no certainty
Income for Agency Services	246 530	242 285	4 245	1.72	
Government Grants and Subsidies	6 417 935	5 037 822	1 380 113	21.50	Capital grant receipts now have to be included in performance statement
Other Income	637 322	685 111	(47 789)	(7.50)	
Public Contributions and Donations	448 769	181 540	267 229	59.55	All public contributions now have to be included in performance statement
Gains on Disposal of Property, Plant and Equipment	1 848 742	3 292 167	(1 443 425)	(78.08)	Sale of erven now credited to Inventory for Unsold Properties
Total Revenue	23 578 946	25 489 638	(1 910 692)	(7.50)	
EXPENDITURE					
Employee Related Costs	8 109 764	8 212 876	(103 112)	(1.27)	
Remuneration of Councillors	1 081 708	950 343	131 365	12.14	Unforeseen increases in allowances implemented
Bad Debts	5 843 032	2 442 359	3 400 673	58.20	Additional contribution in terms of Accounting Standards
Depreciation	5 426 161	644 050	4 782 111	88.13	Budgeted for capital redemption - not aligned to GRAP-format
Repairs and Maintenance	1 857 778	1 480 929	376 849	20.28	Projects withheld due to cash flow restrictions
Interest Paid	462 211	693 716	(231 505)	(50.09)	Internal interest now has to be excluded from the performance statement
Bulk Purchases	2 630 964	3 311 460	(680 496)	(25.86)	Over-budgeted for expenditure - see revenue as well
Contracted Services	19 200	21 600	(2 400)	(12.50)	Contracts withheld due to cash flow restrictions
Grants and Subsidies Paid	3 635 025	3 598 341	36 684	1.01	
General Expenses	3 288 378	4 132 368	(843 990)	(25.67)	Expenditure withheld due to cash flow restriction
Total Expenditure	32 354 220	25 488 042	6 866 178	26.94	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(8 775 274)	1 596	(8 776 870)		

APPENDIX E(2)
RICHTERSVELD MUNICIPALITY : ACTUAL VERSUS BUDGET
(ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

Description	2006/2007 Actual	2006/2007 Under Construction	2006/2007 Total Additions	2006/2007 Budget	2006/2007 Variance	2006/2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive and Council	4 644	-	4 644	-	4 644	0.00	Negligent
Finance and Administration	36 888	-	36 888	85 000	(48 112)	(56.60)	Projects withheld because of cash flow restrictions
Community & Social Services	-	-	-	16 200	(16 200)	(100.00)	Projects withheld because of cash flow restrictions
Public Safety	1 440 757	-	1 440 757	120 900	1 319 857	1 091.69	Vehicles replaced, funded by external loan, were not budgeted for
Sport & Recreation	14 748	344 779	359 527	30 240	329 287	1 088.91	Expenditure incurred from grant received, was not budgeted for
Waste Management	566 221	-	566 221	182 240	383 981	210.70	Vehicles replaced, funded by external loan, were not budgeted for
Roads & Transport	-	-	-	166 200	(166 200)	(100.00)	Projects withheld because of cash flow restrictions
Water	-	-	-	210 000	(210 000)	(100.00)	Projects withheld because of cash flow restrictions
Electricity	3 830	-	3 830	257 000	(253 170)	(98.51)	Projects withheld because of cash flow restrictions
Total	2 067 089	344 779	2 411 868	1 067 780	1 344 088	125.88	

APPENDIX F

RICHTERSVELD MUNICIPALITY : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
FMG	Nat Treasury	0	0	500 000	0	0	0	0	5 398	309 209	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	1 337 515	0	1 002 936	1 671 291	0	1 320 268	20 947	999 267	1 660 631	10 925	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Bulk Water Supply	DWAF	132 269	87 636	131 038	374 140	0	132 440	87 636	14 703	246 377	26 398	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Water Storm Damage	DH&LG	0	458 705	0	0	0	0	98 900	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Beachfront Upgrading	Transport	0	0	0	298 326	296 414	0	0	0	200	402 774	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	Province	0	0	0	0	153 315	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Housing Upgrade Project	Province	0	0	0	0	540 343	0	0	0	0	415 442	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
People's Assembly	Prov Legislator	0	0	25 770	0	0	0	25 770	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Local District Municipality - IDP	LDM	0	0	0	0	19 690	0	27 783	133 700	21 145	111 811	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		1 469 784	546 341	1 659 744	2 343 757	1 009 762	1 452 708	261 036	1 153 067	2 237 561	967 350	0	0	0	0	0			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																			